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Shared value in social businesses: A business model approach

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Abstract
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Keywords: Business model, Social business, Shared value creation, Value co-creation, Social value creation.
Purpose: The goal of this paper is to describe and investigate shared value creation in social business model.
Research method: The research approach chosen for this paper is qualitative with case-study approach by conducting semi-structured interviews. Because of the exploratory nature of this research I have chosen an inductive approach.
Empirical study: My empirical study was performed on Alla Hjärtans Hus with three separate cases which are, Halmstad Municipality, Alla Hjärtans Vänner and SeniorNet. The interviews have been conducted with one spokesperson from each case.
Conclusion Many social service providing businesses are often constrained by limited resources and weak financial strength. Social businesses however have been able to overcome these issues primarily through integrating their business models where much is shared, focusing on local business opportunities and striving to solve social issues in the nearby communities. Businesses finds it easier to maintain and develop the operations if pooling or integrating their assets such as facilities and personnel with nearby business partners, as this is less cost expensive and capital intensive than exchanging resources and assets to that same partner.
Shared Value Creation in Social Business Models

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1. Introduction

In this chapter I will describe the background to my research, presenting the topic of business model, shared value and social businesses. I will also present the problem discussion which will result in my research question.

1.1 Background

Today business models are expected to address not only economic but also social- and environmental needs, this means that companies are expected to build their businesses in a way which do not only creates value for their business but also for the society in which they operate (Porter & Kramer, 2011; Elkinton, 1998). This new outlook can offers opportunities for developing new more competitive business models but may also lead to great challenges.

In the past decades free markets have spread across the globe, businesses have seen a steady increase in growth, global trade is booming and the technological advancements continue to multiply.

There are many things that free markets have done and keep doing extraordinarily well. Looking at countries with long histories under capitalist systems in Western Europe and North America we see evidence of great wealth. We also see remarkable technological innovation, scientific discovery, and educational progress. Today, however a sense of disillusionment is setting in. In the rush to grow, social problems have instead increased. Nationally, governments and private sector, despite high prosperity levels, are not able to keep up with the increasing social problems such as elderly care, education, jobs, pollution, corruption, crime, and inequality facing society (Kickul & Lyons, 2012).

Why is this? In times when many countries experience high prosperity, why are free markets failing so many people? There is possibly one explanation, unrestrained markets in their current form are not meant to solve social problems, as lack of priority is given to promoting social value and development versus capturing economic value (Mair & Marti, 2006; Edward, 1995; Anheier & Benner, 1997; Sharir & Lerner, 2006).

Hence authors such as Prahalad & Hart (2002) and Porter and Kramer (2011) states that meeting the new expectations of society, addressing not only economic but also social- and environmental needs does not mean addressing the new problems with the old system, it is rather about changing the fundamental approach, create business models which are economically sustainable and in line with the needs of the local community (Prahalad & Hart, 2012). One must move beyond profit-maximization and instead focus on common prosperity, also described as “shared value creation” (Porter & Kramer, 2011).

In these environments, business model development represents important tools for survival and growth (Yunus et.al 2010). New business models allow firms to pursue opportunities and meet customer needs previously constrained by lack of tangible resources (Chesbrough, 2007; Teece, 2010; Johnson et, al. 2008) a phenomenon which can be resolved through the creation of shared value. There are a number of definitions of business model, but what they all have in common is their purpose of describing the value which the business offer to its customers, how it will deliver the value and how it intends to capture parts of that value which it offers to

However the value creation process has been made even more clearly the past decade. Muhammed Yunus was awarded the Nobel Piece Price for developing the micro credit in 2006, Bill Gates spoke of humanistic perspectives of capitalism in 2008, and in 2011 Porter and Kramer elaborated on the practical approaches of shared value creation between business and society.

Michael E. Porter and Mark Kramer (2006; 2011) are pioneers within the shared value creation concept. As the name implies, the concept of shared value creation is also rooted in theories of value-creation. On a very basic level the concept of shared value creation is based on that the competitiveness of a company and the prosperity of a community are closely intertwined. A successful community is needed not only to create demand for products but also to provide with important public assets and a supportive environment. In addition the community needs successful businesses to provide with jobs and new wealth creation opportunities for its citizens. This interdependency means that public policy which undermines a community’s health and welfare is self-destructive (Porter & Kramer, 2011). The concept of value co-creation or shared value, the collaborations between organizations, individuals and society, recognizes that societal needs, not only conventional economical needs are what define markets (Austin & Seitanidi, 2012; Porter & Kramer, 2011). Thus succeeding in shared value creation can enable long term success and profitability for all parties involved (Porter & Kramer, 2011)

The concepts of shared value creation are blurring the lie further between the nonprofit and for profit sector (Porter & Kramer, 2011). By developing the business model, entrepreneurs are able to develop new business models to solve issues and problems in society previously not seen as economically viable. Developing the business model has thus enabling businesses to create and deliver value in novel ways while minimizing costs and risks (Dahan et, al. 2010).

Muhammed Yunus who developed the micro credit is just one example of these new approaches to making business. The phenomenon of putting society’s need first has been described in many ways such as social innovation, social business, fourth sector and social entrepreneurship. There is a growing number of research targeting this emerging phenomenon, however even though the growing new approach to business have been publicly recognized the field of research have continued to struggle in order to gain academic legitimacy (Abu-Saifan, 2012) which have led to the lack of economic and academic support to assist the growth and understanding of a the phenomenon.

The understanding of these new business models and the role of different parties in the partnerships are still evolving.
1.2 Problem

The idea that a social business can help improve the life of people and in turn benefit society economically is well known among academics and practitioners. However, there is a need for further research into the conditions associated with the development of these business models. When searching the literature on shared value as part of the business model literature I find the concepts as few, I however feel that the field is to a great extent part of the business model framework but there are few existing theoretical model or theory on shared value creation with a business model approach, thus a gap can be acknowledged and a contribution can be made to the body of knowledge since only a limited amount of authors have contributed to the field. Existing literature within the field of shared value is mainly dominated by Porter and Kramer (2006; 2011).

By taking the business model into account a companies shared value strategy could possibly become more efficient and effective, the shared value strategy would automatically be incorporated into the overall business strategy and enhance the prosperity of both the firm and the society in which it operates. So for this thesis I therefor wish to fill the theoretical body of knowledge in the shared value literature by exploring how business model can more efficiently or effectively create shared value.

Research in business model in general and shared value creation in practical almost exclusively empirically investigates larger fore profit, and global corporations operating internationally, thus theories and models are adapted and developed accordingly. This becomes an obvious problem when working in a social business context. Despite the similar challenges facing both social businesses and conventional businesses the two business forms have fundamentally different motives (Young, 1980) social businesses differs from larger for profit corporations in ways such as acquiring resources, organizational structure, strategic planning and business process (Mair & Marti, 2006; Yunus et.al., 2010). Therefore this can motivate the development of an empirical contribution to the existing literature regarding business models and shared value creation in the context of social businesses.

Austin et.al (2006) defines Social ventures as involving innovative, social value creating activities which operate within or across non-profit, for-profit businesses, and public sector. Martin and Osberg (2007) states that social ventures can be organized as non-profits and for-profits but what distinguishes it from the two types of businesses is their mission-related impact, mainly the primacy of social benefit.

Social businesses have increased in popularity the past decades (Wilson and post 2013). Social ventures has been able to serve society in many ways, and their user driven development has attracted an increased attention (von Hippel, 2005), yielding new solutions to the growing problems facing society (Kickul & Lyons, 2012)

Essential to a social venture are the individuals or groups who feel a need in filling a gap in the service left open by the public or the private sector (Anheier & Benner, 1997) with a vision, drive and perseverance to provide answers to social problems and needs such as education, welfare, environmental or health care (Sharir & Lerner, 2006), to contribute with their skills, time, energy and assists (Edward, 1995).
Hence there is a great incentive to encourage the existence and operations of social ventures since the improvements will consequently lead to improved national welfare (Mair & Marti, 2006; Yunus et al., 2010). If an increased number of social businesses would improve their management practices and better understand the impact these practices have both on growth, performance and social welfare, a mutual increase in gain could be accomplished between a numbers of partners. Moreover it is not only the social gains from the social businesses which would benefit society, if even more social ventures would manage the concept of shared value more efficient into their business model it would result in a growing social and economic contribution for their nations.

1.3 Purpose
Based on the problem discussion the goal of this paper is to explore shared value creation in social business models.

To accomplish this, I will in this paper develop an extended theoretical framework based on existing theory and analyze the empirical results based on this framework.

Hence a theoretical contribution will be made on shared value creation for social business models. As the theoretical framework will not make any distinction between for-profit and social businesses I will not be developing the framework to treat social businesses specifically. Further, an empirical contribution can be made on how shared value creation can look like in social ventures in chapter four and five. In my conclusion on chapter six I will finally present my findings based on the analysis.

\[ RQ1: \text{ How is a business model designed in order to create shared value in social ventures? } \]

\[ RQ2: \text{ What role do different partners have in the value creation process in social ventures? } \]

1.4 Disposition
This master’s dissertation consists of 6 chapters.

First chapter: In chapter one the background and problem discussion to my choice of research will be presented, which has lead me to my research question.

Second chapter: In the second chapter I will describe the theoretical framework used as a basis for my analysis, here the most relevant subjects will be presented such as business model, social business and shared value creation.

Third chapter: In this chapter I will present the research method which includes my choice of research approach, case selection, data collection, data analysis and the research trustworthiness.

Fourth chapter: For the fourth chapter the empirical data collected of the three cases will be presented.
Fifth chapter: In this chapter the data collected in the empirical part will be analyzed with the help of the theoretical framework presented in the second chapter. Here I will also try to answer the research questions elaborated in the first chapter.

Sixth chapter: For the sixth and final chapter I will present the most important findings from the analysis and present the answer to my research questions. In addition I will present the implications and contributions of the study.
2. Theoretical Review

In this section I will define my main topics, Business model and Social businesses the topics in which I will interpret the phenomenon of shared value creation, to develop an analytical framework which can be used for the data collection and analysis.

2.1 Business model – An Overview

The business model concept became increasingly popular with the rise of the electronic and internet industry in the mid-1990s (Amit and Zott, 2001). Business model is a means to explain how an organization works how it intends to create value through offering products or services and how it intend to capture value or earn money from the products or services it offers. The concept has gained momentum with an increasing number of publications in articles, books, and book chapters (Krcmar et. al, 2012). Some authors focus on appropriation of value and other on the sources of value creation and the process involved. Some studies focus mainly on how firms capture value whilst neglecting the issues of creating value or finding new sources for revenue (Björkdahl & Holmén, 2013). Much of the literature focuses on very different and sometimes contradictory aspects of the firms business (Morris et. al., 2005).

The main point however is the necessity of business models as a feature where there is consumer choice, transaction costs, and heterogeneity amongst consumers, producers, and competition. The business model literature has mainly focused on seeking activities which may lead to profit, though meeting various consumers wants by constant development and innovation so to offer new value propositions. Selecting adjusting and/or improving the business model is a complex art however new business models can both facilitate and represent innovation (Teece, 2010). Facilitating business models offers products and/or services which are embedded within a system of activities and relationships that comprises the firm’s business model (Chesbrough & Rosenbloom, 2002).

There are a number of examples of business model innovation in numerous industries.

“Business model innovation is the implementation of a business model that is new to the firm” (Björkdahl & Holmén, p214 2013).

When Nestlé adopted a new approach to coffee making, through selling the Nespresso coffee machine and capsules separately, they changing their revenue stream by offering low margin on the machine to capture customer, but a high margin on the capsules to make money on customers, the results were immediate. By changing the way in which they capture value i.e. make profit from the products they offered they were able to increase growth and profit margins for the Nespresso business (Björkdahl & Holmén 2013).

Swift and Company reengineered the meat packing industry in early American 19th century. Prior to 1870s cattle were shipped live by rail from the Midwest to east coast markets where the meat was processed and sold by local butchers. However Swift and Company got the idea of transitioning the processing from east coast to Midwest and ship it already dressed to distant markets with refrigerated freight cars, this meant changing the constellation of the business model, were the process became centralized leading to larger volumes, lower costs and an improvement in the quality of the final product as the animals avoided the experience of traveling the long distances (Teece 2010).

These examples show both the importance and the impact which business model innovation can have on a firm.
2.1.1 Definition of business model

There are a number of definitions of business model, but what they all have in common is that the purpose of a business model is to describe the value which the business offer to its customers, how it will deliver the value and how it intends to capture value from the value which is offered (Amit & Zott, 2001, 2010; Chesbrough, 2007; Teece, 2010; Shafera et. al (2005); Gambardella & McGahan 2010; Johnson et, al. 2008; Björkdahl & Holmén, 2013)

According to Shafer et. al. (2005) a business is fundamentally concerned with creating value and capturing returns from that value. The Business model is simply a representation of the interlocking elements which creates, delivers and captures value from the consumer. Shafer et. al. (2005) suggests that creating and capturing value are fundamental functions which all for-profit organizations must perform in order to remain viable over an extended period of time. Successful organizations create substantial value by doing activities in ways which differentiates them from competitors. For-profit organizations must make money to survive, thus their viability is tied to the value they create and to the way they capture value and resultantly generate profit. Thus the author has hinted that value creation and value capture is inevitable linked to each other in for-profit organizations, in order to be competitive.

According to Gambardella & McGahan (2010) a business model is defined as an “organizational approach to generating revenue at a reasonable cost, and incorporates assumptions about how it will both create and capture value.” (Gambardella & McGahan, p263, 2010).

A business model generates profit since it has developed activities and accumulated resources which are greater than its operating costs and revenue stream. In this conceptualization a business model innovation occurs when the firm adopts novel approaches to commercializing its underlying assets. (Gambardella & McGahan 2010).

According to Henry Chesbrough (2010) “The same idea or technology taken to market through two different business models will yield two different economic outcomes” (Chesbrough, 2010). In some cases a business may use a business model already familiar to the firm, in other cases a potential new value proposition may have no obvious business model and in these cases the managers must expand their perspectives to find an appropriate business model so to capture value from the technology (Chesbrough, 2010).

Slywotsky (1996) defines the business model as the way a company selects its customers, differentiates its offerings, which task will be performed and which will be outsources, configures its resources goes to market, creates utility for customers and captures profit.

According to Shafer et. al. (2005) the business model should not be set in stone, the process of making strategic choices should be ongoing and iterative. The authors state that the likelihood for success increases with their ability to tests different strategic options through business models (Shafer et. al., 2005).

2.1.2 Business model components

As seen above there is no general accepted definition of the term business model, thus there is substantial challenges defining what makes a good business model, the diversity of definitions and the nature of components comprising a business model are many. A business model has been referred to as architecture, design, pattern, plan, method assumption and statement. Different terminologies have been used such as business model, strategy, business concept, revenue model and economic model (Morrisa et. al., 2005).
Amit and Zott (2010) conducted a study where they chose business model as their unit of analysis and identified novelty, lock-in, complementarities, and efficiency as key aspects of business model innovation. The authors states that the purpose of a business model is to “create value for the parties involved, i.e., to fulfill customers’ needs and create customer surplus while generating a profit for the focal firm and its partners”. (Zott & Amit, p217 2010).

Among these definitions of the business model concept mainly developed towards businesses with the goal of profit maximization, Yunus et.al (2010) gives a definition of business model within social context as consisting of three interlocking elements which are (1) value proposition, that means, who are the customers and what are we offering of value, (2) value constellation, meaning how do we deliver the offering to the customer, involving not only the company’s own value chain but also the value network consisting of suppliers and partners. (3) a positive profit equation, meaning the financial translation of the other two, how the business intend to capture some of the value from the consumers, and how costs are structured and capital is earned though out the value constellation. (Yunus et. al. 2010)

Henry Chesbrough (2010) suggests that a business model fulfils the following functions. (1) Articulates the value proposition, i.e., value created for the user, usually in the form of technology. (2) Identifies a market segment and specify the revenue generation mechanism, i.e., specifies the user to whom the technology is offered to. (3) Defines the structure of the value chain required to create and distribute the offering and complementary assets needed to support position in the chain, (4) Details the revenue mechanism(s) by which the firm will be paid for the offering and estimates the cost structure and profit potential (given value proposition and value chain structure), (5) Describes the position of the firm within the value network linking suppliers and customers (incl. identifying potential complementary and competitors), (6) and formulates the competitive strategy by which the innovating firm will gain and hold advantage over rivals. (Chesbrough, 2010).

According to Johnson et. al. (2008) in the article reinventing your business model, a business model consists of four interlocking elements which together form building block for any business that creates and delivers value. These are Customer Value proposition, Profit formula, Key resources and key processes. The customer value proposition and profit formula creates and defines value for both the customer and the company, while the key resources and key processes describe how that value will be delivered to bot the customer and the company (Johnson et. al. 2008)

Maybe the most famous representation of the business model was developed by Alex Osterwalder and Yves Pigneur where they describe a single reference model based on the similarities of a wide variety of business model conceptualizations. The authors present key tool for their business thinking/modeling, namely Business Model Canvas which is presented in the figure below.
Figure 1. Business model canvas (Osterwalder & Pigneur, 2012, p. 40)

The business model canvas is a visual representation of an organization, consisting of four main elements namely Infrastructure, offering, customers and finance, and 9 interrelated building blocks which are:

Offering
- Value propositions – The value proposition is the collection of products or services a business offers to meet the need of its customers. Customers can be divided into customer segments, for each segment you have a specific value proposition.

Customer
- Customer segments – To build an effective business model the company must identify the customer it intends to serve, these include all the people or organizations for which the company create the value, includes simple users or paying customers
- Channels – The channels describe how the company intends to deliver its value proposition to its targeted customer.
- Customer relationships – Companies must identify and outline the type of relationship they want to establish with their customers.

Infrastructure
- Key resources – The indispensable resources and assets in the business model, for creating value for the customer.
- Key activities – Shows the most important activities in executing the value proposition.
- Key partnerships – To optimize operations and reduce risk, one need relationships to leverage the business model, as the business will not own all key resources, nor will it perform all activities by itself.

Finance
- Revenue streams – How and through which pricing mechanisms the business model is intending to capture value.
- Cost structure – When the infrastructure is known, than one is able to understand the cost structure of the business model.
What all authors have in common is their focus on creating, delivering and capturing value. For this paper I will use Osterwalder and Pigneurs famous nine element business model framework. This framework can be described as having a front stage and a backstage, the front stage is what customers are exposed to, what they are interested in and what they pay for, the backstage is what makes the front stage possible and what usually is generating the costs.

2.2 Social business - What are they?
Two types of corporate bodies are distinguished in the capitalistic system, on hand we have profit-maximizing corporations and on the other, non-profit organizations (Yunus et.al., 2010).
Profit-maximizing seeks to create shareholder value while non-profits exist to fulfill social objectives. A social business borrows from both these entities operating across non-profit, for-profit businesses, and public sector with the main purpose of improving societal needs (Austin et.al., 2006; Martin & Osberg, 2007). Just as in profit-maximizing businesses, social businesses are allowed to make a profit to cover the costs generated from its operations, so to be self-sustaining, the owners are also entitled to recover their invested money however the owners are not allowed to make any additional profit. Further, the social venture is designed and operated just as a conventional business, with products, services, customers, markets, expenses and revenues, it’s a no-loss, no-dividend, self-sustaining company. Its organizational structure is similar to profit-maximizing businesses. However the main differences between conventional organizations and social organizations is that it is more cause than profit-driven, just as a non-profit organizations its main purpose is to serve society. However compared to non-profits, it differs in the way it acquires profit from its customers, non-profits rely on raising money to cover the costs of their operations, thus time and energy must be divided in order to raising money for their development projects. Social business can thus be described as a new form of business which can be located between these two types of corporate bodies (Yunus et.al 2010).

Mair and Marti (2006) define social ventures as “a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs” (Mair & Marti, p37, 2006).
Essential to a social venture are the individuals or groups who feel a need in filling a gap in the service left open by the public or the private sector (Anheier & Ben-ner, 1997) with a vision, drive and perseverance to provide answers to social problems and needs such as education, welfare, environmental or health care (Sharir & Lerner, 2006), to contribute with their skills, time, energy and assists (Edward, 1995).

According to Abu-Saifan, (2012) social ventures has a social purpose and performs social and commercial entrepreneurial activities simultaneously to achieve sustainability. These types of organizations are financially independent, the profit generated is only used to further improve the delivery of social value to customers, and the founders and inventors can benefit from personal monetary gain (Abu-Saifan, 2012)

2.2.1 Boundaries of social ventures
As explained above, the definition of social venture can be broad, there are many businesses which aim for creating value and/or with a main purpose of creating social benefit. Thus the lack of boundaries in the definition of social venture leads many business leaders and writers
to often confuse and mistakenly associated social venture with other disciplines. Everything from philanthropists, social activists, environmentalists, and other socially-oriented practitioners are frequently referred to as social venture. Hence the boundaries within social venture operate must be clearly identified. According to Abu-Saifan (2012) entrepreneurial activities such as philanthropists, activists or organizations that are simply socially responsible are activities which should not be extended to social venture.

Figure 2. The span of corporate bodies (Abu-Saifan, 2012)

For example, a school for deaf children in a developing country that ensures children gets the proper education. The school would certainly help the children it serves, and may very well help them break free from poverty, social injustice and thus create a better life. However unless the business model is designed to be scalable, or attracts a large scale of adopters and imitators in other markets it is not likely it will disrupt any existing markets (Martin & Osberg 2007).

If Andrew Carnegie had only built one library rather than conceived of the public library system which today serves millions of citizens would wide, the outcome would clearly have been beneficial to the community it served, however would not change the way of how people get access to knowledge, a superior equilibrium which ensured the access to information for a whole nation, rather than merely one community (Martin & Osberg 2007).

Based on the discussion above I define a social venture as a business involving social value creating activities which operate within or across non-profit, for-profit businesses, and public sector. Social ventures make a profit to cover the costs generated from its operations so to be self-sustaining, the owners are not allowed to make any additional profit. Its organizational structure may be similar to profit-maximizing businesses. It is more cause than profit-driven with a main purpose to serve society. Activities which are not included in this definition of a social business is Philanthropists, activists, or for-profit organizations that are involved in corporate socially responsible.
Further the business model has to be designed to be expandable, and be compelling enough to attract adopters or imitators.

2.3 Shared value creation

The shared value creation concept is deeply rooted in the corporate social responsibility literature (CSR). CSR refers to corporations taking responsibility beyond what they are legally required to do (Vogel, 2006), that is practices which improve the workplace and society as a whole. However, in recent years an increased number of researchers and authors have debated the classical views of CSR. The different opinions revolve around whether companies invest their resources in societal causes to make a positive impact or just because it is demanded by the general consumer and because it may strengthen the brand of the company in the eyes of the consumers (Frynas, 2005; Mohr et al., 2001).

According to Drucker (1984), providing charity and other non-economic purposes, that is doing good to society, should not come as a result of the company doing well and having a surplus in business profits, rather doing well should come as a result of the companies doing good. Venkataraman who studied traditional entrepreneurship saw social value creation as a by-product of economic value creation. However, Seelos and Mair (2005) finds that in social businesses where it is natural for social value creation to be the primary objective, economic value creations often seems to be the by-product of social value creation, which allows the organization to achieve sustainability and self-sufficiency.

This view is in many ways similar to the shared value concept later developed by Michael E. Porter and Mark Kramer (2006; 2011) and appears to be a more effective approach to solving the social issues in society. The charm of this approach is not only that it improves the social problems which exists in society but also because it is considered to be a more effective approach to turn social problems into human competence, job opportunities, production capacity and wealth.

Thus shared value creation is more appreciated than traditional CSR from both an economic and social standpoint.

Porter and Kramer (2011) defines shared value as:

“(…) policies and operating practices that enhance competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which they operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.” (Porter & Kramer, p6, 2011).

For this paper I will define shared value as:

Share value creation focuses on meeting societal need while simultaneously enhances a firm’s competitiveness. It involves creating and delivering social benefits while simultaneously creating business value and building a sustainable firm.

According to Porter and Kramer (2011) there are three key ways in how organizations can create shared value opportunities which are:

1) Reconceiving products and markets. This refers to identifying the growing unmet need in society, needs for improvements in help for the aging, healthcare, housing, nutrition, financial opportunities and the environment. These needs can be a new source
of opportunities which businesses today with confidence can pursue in search of growth. The main reasons for this are that after decades of work revolving around analyzing, manufacturing and meeting demand, many businesses have lost focus, losing track of what customers actually needs. An example of this is food manufacturers who for long have focused on developing wide range of tastes and scale quantities, now have changed strategy as a result of the growing demand for food which contains the optimal nutrition.

2) Redefining productivity in the value chain. This refers to finding new ways in doing business to enable companies to reduce negative effects and increase positive effects on society. As businesses are unavoidably forced to periodically change their value chain based on changes in society, such as access to natural resources, water, health and safety, working conditions and equal treatment in the workplace. These issues can evidently mean increased economic costs for the businesses value chain if not taken care of, but can also mean new opportunities for businesses to create shared value if they proactively treat them. For example, climate change and global warming can be views as an external threat to many businesses as the issue may lead to increased costs for many manufacturing and wholesale businesses, however Wal-Mart saw a unique opportunity to improve their value chain logistics, consequently leading to shortening of transportations routs with 100 million of miles, saving $200 million even as it shipped more product, not to mention the saving achieved for society and the environment.

3) Enabling the local cluster development. Previous growth strategies mentioned describes how a company through being part of a cluster can create competitive advantages and thereby increased growth. By clustering it is understood that a company geographically positions itself near other organizations who acts in the same industry. This is done with the belief that the geographical location will eventually lead to an exchange of knowledge and possibly technological resources. In this way a company manages to evolve to a degree that exceeds the development which would otherwise have occurred, had the businesses been on a geographically more dispersed location. A well-known example of a cluster is Silicon Valley, California, USA. This phenomenon is however not limited to companies but can occur within healthcare, education trade associations and so on. In order to create shared value through clustering the company has to start with challenges and issues that are in the surrounding communities in which the company operates. This way, resources and activities already are already put in place to combat the issues, from which the company than can tap into. However if companies involved in the cluster do not address the surrounding challenges, these challenges will ultimately result in internal costs in the cluster. An example of this would be low levels of education, which would mean that companies are not able to draw on competent workforce, which for Silicon Valley would be damaging. Further, poor infrastructure is expected to lead to challenges in the form of big costs in the cluster for Surat in India who have gained a reputation for polishing diamonds. So enabling local cluster development entails that success of an organization is based on the network which surrounds that organization, which is the supporting companies, labor available, supplier input and infrastructure. As a result, organizations should build good clusters to increase the potential for a company’s productivity (Porter & Kramer, 2011).
As traditional business model theories and theories in value-based strategy focus on how the company can maximize the value appropriation by taking a portion from other actors captured value. What differentiates shared value creation strategies is its focus on the assumption that value can be mutually created and the captured value can simultaneously increase for all actors involved (Porter & Kramer, 2006; 2011).

2.3.1 Collaborative relationships

Street and Cameron (2007) describes relationships as value adding inter-organizational connections between businesses and other organizations. A commonality among firms is that they lack resources in terms of finance, time and expertise (Biondi et al., 2000). However collaborative relationships are described as organizations that join together to achieve goals that none of them can achieve on their own, and where the total contribution of all actors exceeds the sum of contribution of individual actors (Street and Cameron, 2007).

In order to encompass a large variety of literature involving collaborative relationships, and how they create shared value, the article by Street and Cameron (2007) was considered as a relevant point of departure in identifying the categories within the framework which contribute to the creation of shared value.

The context of social businesses mentioned in the introduction part and theoretical review of this paper have also contributed and influenced the identification of categories within the framework thus the creation of the framework. In addition Austin and Seitanidi (2011) develop a conceptual and analytical framework to understand the collaboration between nonprofits and businesses and how they effectively create significant economic, social, and environmental value for society, organizations, and individuals. Antecedents reveal how value creation varies across different types of collaborative relationships. The Partnering Processes reveal the value creation dynamics in the formation and implementation stages. And the Collaborative Outcomes are devised into micro, meso, and macro levels.

2.3.2 Conditions for collaboration

Resource complementarity: Austin and Seitanidi (2012) states that the fundamental basis for collaboration is to obtain access to needed resources different from those one possesses, other researchers state that synergies occur when firm bring different resources to the table (Das and Teng, 2000). The alignment of complementary resources is one of the most acknowledged alignments in alliances and collaborative relationships (Das & Teng, 2000; Austin & Seitanidi, 2011). However the potential to acknowledge value from resource complementarity between organizations is determined by their ability to achieve organizational fit. The fundamental differences between a social venture and conventional businesses can either be a source for new opportunities or hinder the business from establishing a relationship, since dissimilar resources may not be compatible thus not lead to a favorable outcome (Parkhe, 1991). For instance, in joint venture Das and Teng (2000) describes complementarity as the extent to which partnering firms add distinctive competencies to each other. Thus complementarity refers to the same major resource type being similar, such as technology or culture, as long as the nature of the resource is different (Helfat, 1997; Parkhe, 1991) such as money, reputation, knowledge or infrastructure.

In addition, arguments in favor of complementarity are that firms, when entering an alliance which leads to resources being used across resource dimensions will perform better since they will not have under-utilized resources (Lee & Pennings 1996). The opposite would be called incompatibility, when different firm resources cannot be fully integrated (Das & Teng, 2000).
Shared Value Creation in Social Business Models

For example, managerial knowledge from one firm may fail to be adopted by another because of the differences in company culture. So the basic differences between social venture and conventional organizations are both impediments to collaboration and sources of value creation. Thus I suggest that resource complementarity exists under the condition that the partnering firms have achieve organizational fit, that means having a similarity in the exchange of the major resource type, such as technology or culture, however dissimilarities in the nature of the resource, knowledge, reputation or infrastructure.

**Resource nature:** According to Austin and Seitanidis (2012) partners can contribute to the collaboration either by generic resources or they can mobilize and leverage more valuable organization-specific resources. Generic resources mean resources common among conventional businesses such as money, or for nonprofits, such as a positive reputation or history. Organizations can also mobilize and leverage more valuable organizational specific resources, for example knowledge, capabilities, infrastructure, and relationships key to the organization’s success.

**Resource directionality and use:** Apart from the nature or the resource, it is also important to know how the resources are utilized. Common in resources exchanges is the one way flow also described as unilateral flow, where resources are largely coming from one of the partners. Aside from unilateral flow, resource exchanges can also be bilateral or reciprocal, that is, a mutual exchange of resources (Austin & Seitanidi, 2012).

According to Chen and Chen (2003) there are two ways of sharing resources, these are exchange and integration. Exchange alliances referred to resources shared outside of the organization, where a partner makes use of the others resources and performs its activities independently, thus each party has little concern for the other.

Integration however goes beyond outsourcing, by pooling resources together a company is able to combine resources owned by partners into the organization to achieve certain wanted benefits. Integrated alliances allows firms to internalize resources owned by its partners, however it must be clarified that no ownership is exchanged in the integrated collaboration.

According to Austin and Seitanidi (2012) companies who share parallel but separate resource has the ability to create combined value, but conjoined intermingling of complementary and distinctive resource from separate companies have the distinct advantage of producing new services and activities which none would have been able to create on their own, in other words, create shared value.

Partners generally have more control of outcomes in integrated alliances than exchange alliances, the organizational factor of ‘contribute less in order to gain more’ is more common in integrated alliances than in exchange alliances.

**Linked interests:** Beyond the complementarity, nature and integration of resources the alignment of objectives increases the alliance performance (Austin & Seitanidi, 2012)

Austin (2000) states that a shared vision is central to the creation of collaborative value. Collaborations between companies may not have a common currency to assess progress or value, therefor it is essential for partnering firms to clearly understand how partners view value, align any divergent value frame and have a clear understanding if the value exchanged between partners is perceived as fair (Austin & Sitanidi 2012; Mattessich & Monsey, 1992).
Clear goals acknowledged by all parties involved will in addition heighten enthusiasm, further experiencing progress will increase collaborative sustainability (Mattessich & Monsen, 1992).

The mission and goals of all parties involved needs to be known by all involved, according to Austin (2000) a more centrally aligned partnership purpose between each organizations strategy and mission, the more important and vigorous the relationship appears to be. Interlocking missions leads to a greater collaboration, in addition, the greater congruency between partners values the stronger the alliance cohesion.

2.3.3 Outcome

The business model aims at creating shared value, so first we need to define for whom is the business model creating value and what type of value is created. Many different types of value could be measured such as physical or emotional value, value between partners or value between individuals. Within organizational development research the general topic commonly surrounds the organizations ability to access needed resources and business development (Street and Cameron 2007). Value can also be considered to be related to organizational performance, which is typically related to the achievements of the business goals (Street & Cameron, 2007; Sharir and Lerner, 2006), such as cost effectiveness, profitability and sales (Ballantine et. al, 1992) revenue, growth or number of personnel (Shockley et. al. 2008).

However as stated earlier in the problem discussion, the working definition of shared value creation (outcome) is “Share value creation focuses on meeting societal need while simultaneously enhances a firm’s competitiveness. It involves creating and delivering social benefits while simultaneously creating business value and building a sustainable firm”. Thus I will incorporate three levels of outcomes, meso (to the organizations), micro (to the individual recipients) and macro (for the society). The focus will be on the collaborative benefits and the improvements as a result of the collaboration between organizations individuals and society, leading to benefits in the meso, micro, and macro level.

*Meso Level value* (To the organizations)

Based on the business model the following four different types of value may be produced in different degrees.

- **Associational value** - According to Austin and Seitanidis (2012), Partners derive benefits during collaborative relationships simple from being associated with each other. They found, for example that, collaboration with a well-established and respectable company would increase the reputation and image of its partners and project increased credibility (Austin & Seitanidis, 2012).

- **Transferred resources value** - Transferred resources value are benefits which a partner attained from another partner. The resource significance is dependent on the nature of the asset transferred and to what extent it is put to use. Some resources are short term value adder such as, money or product donations which are spent, while others are more durable such as knowledge or skills learned by a partner, improving the businesses long term capabilities (Austin and Seitanidis, 2012)

- **Interactional value** - This refers to the intangibles which are derived from the process of partners working together, for example creating shared values such as reputation, trust, communication, joint problem solving, relational capital, learning knowledge, coordination, transparency, accountability and conflict resolution (Austin and Seitanidis, 2012)
Synergistic value - According to Austin and Seitanidis (2012) the created synergistic values is the underlying premise of all collaborative efforts, that is, the result of combining partners resources to collectively create more value than each party could have accomplished alone (Street & Cameron, 2007). This paper will focus on the collaborative value creation of how social and environmental value can create economic value, and consequently how economic value can create social and environmental value.

*Micro level* (To the individual recipients)
On a micro level, collaboration can produce value for the individuals within the partnering firms. Two types of value are distinguished, 1) instrumental, for example improved or strengthened managerial skills, leadership opportunities, technical and sector knowledge and broadened perspectives, 2) psychological, emotional benefits which include individual psychic satisfaction developed when contributing to social betterments and developing new friendships with customers or colleagues from the partner’s organization.
According to Vock et al. (2013) employee’s participation in partnerships can affect consumers favorably or unfavorably. Bhattacharya (2012) states that companies involved in corporates social responsibility programs are able to satisfy several psychological needs in employees and create opportunities for self-enhancements, the results can be emotionally rewarding and lead to an increase in personal growth, decrease in stress and increase in the employees own sense of responsibility for the community.

Instrumental benefits consist of the development of new skills, building a connection between the company and the employees and potential career advancements (Austin & Seitanidi, 2012). In addition Bhattacharya (2012) states that the resulting positive reputation from improving social problems increases satisfaction among employees, by being less likely to have to defend involvement or negative actions taken by the company.

In addition, the enthusiasm of employees may cause a spillover effect leading to favorable customer reactions (Kolk, Van Dolen, & Vock, 2010). Employees volunteering can improve work motivation and job performance (Bartel, 2001) customer orientation, productivity consequently benefitting customers (Vock et al., 2011).

*Macro level* (To the society)
Beyond the benefit produced for the partnering organization and its employees, the organizations also aims to create, social environmental and economic value for the community in which it operates. Thus value on the macro level is defined as societal benefits which only occur based on their joint collaborations. For example, collaborations can create social value for individuals or beneficiaries whose needs are attended by the collaborative actions (Austin & Seitanidi, 2012). In addition as mentioned previously, the benefits that accrues to the employees, individuals or beneficiaries as a result of collaborations can have a spillover effect, creating value for society (Vock et al., 2011)
It can also strengthen social, economic or political organizations which are producers of social value consequently increase society’s ability to create social well-being (Austin & Seitanidi, 2012).
In broader context collaboration among businesses may contribute to welfare enhancing systematic changes in institutional arrangements, sectorial relationships, societal values and priorities, social service innovations as well as improving the environment leading to multiple societal benefits.
Shared Value Creation in Social Business Models

2.4 Summary: Theoretical review

The purpose of the literature review is to provide a deeper understanding of the research and theories of shared value.

To sum up the different theories presented in this chapter I have in the table below summarized the main points of the theoretical framework.

<table>
<thead>
<tr>
<th>KONCEPT</th>
<th>THEORY</th>
<th>DESCRIPTION</th>
<th>Use</th>
<th>KEY REFERENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Model</td>
<td>Business model 9 Building blocks</td>
<td>There are different types of business models which can be implemented in various ways but can be described as the value which the business offer to its customers, how it will deliver the value and how it intends to capture value from the value which is offered. New business models can be seen as both a source new opportunities and challenges. If used in a proper way a great business model can be of more importance than a great value proposition.</td>
<td>The business model framework will be used as a basis for creating the extended theoretical framework and later also for collecting and analyzing the empirical data.</td>
<td>Osterwalder &amp; Pigneur (2012)</td>
</tr>
<tr>
<td>Social Venture</td>
<td>Boundaries of social ventures</td>
<td>There are many types of social ventures, however can be defined as a business involving social value creating activities which operate within or across non-profit, for-profit businesses, and public sector in order to create societal gains. Partnerships of some form are central to the value creation process in many social ventures. Social value creation can be performed on different levels in society ranging on from an individual level to an environmental level.</td>
<td>The social venture literature will be used to identify a relevant subject for use in this research.</td>
<td>Abu-Safian (2012), Martin &amp; Osberg (2007)</td>
</tr>
<tr>
<td>Shared Value</td>
<td>Three ways of creating shared</td>
<td>Various associations and groups in society have different contributions and impact on the collaboration and thus the society. A collaborative relationship between groups can be useful in certain contexts, especially when firms do not obtain the necessary resources to offer the value to their customers. Collaboration and the sharing of value creation between firms can fill the gap of an unsustainable business model. Thus leveraging the business model in order to create shared value creation opportunities is important in order to reach a higher level of contribution.</td>
<td>The shared value creation literature will be used to create the extended theoretical framework and later also to structure and analyze the empirical data.</td>
<td>Porter &amp; Kramer (2011), Austin &amp; Seitanidi (2012), Street &amp; Cameron (2007)</td>
</tr>
<tr>
<td>Creation</td>
<td>value</td>
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<table>
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<tr>
<th>Activities</th>
<th>Mission</th>
<th>Intention</th>
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<tr>
<td></td>
<td>- Outcomes</td>
<td>- Meso Level Value - Micro Level Value - Macro Level Value</td>
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</table>

Table 1. Summary of the main topics presented in the theoretical review.

As shared value is grounded in value creation and will for this paper be explained through a business model perspective, the two topics will be the main subjects processed in this paper.

Reading the literature on business models I have found that the attention is mainly directed toward value creation for the sake of profit maximization rather than value creation for the means of growing the business or solve societal issues. The concepts focus on finding better ways for organizations to increase their profit opportunities and do not allow for an analysis of the social impact of the business model.

Shared value creation is grounded in corporate social responsibility in which both concepts tries to motivate companies to move away from profit maximization and short-term goals to
Shared Value Creation in Social Business Models

think and act more long term and take responsibility for stakeholders, environment and society in which it operates. The message portrayed is that organizations must give back to the environment in which it operates and for using the society’s resources.

Shared value creation theories however take this ideology one step further to making it a primary focus to increase the value for the organization simultaneously as creating value for other actors in society. In addition shared value creation can be incorporated in the business model and enabled the organization to both make profit as well as solve societal issues.

The solution for many businesses to accomplish this has been to build robust integrated network of partnerships, as many business models often have an abundance of one resource or activity but lack another, thus through collaboration benefitting from each other in integrated partnerships businesses are able to share the risks, costs and also open up for new opportunities. Shared value creation allows businesses to find value individually and together as a whole. Porter and Kramer (2011) have described this phenomenon of creating shared value opportunities in three ways, namely 1) Reconceiving product and markets 2) Redefining productivity in the value chain and 3) Enabling local cluster development.

As the empirical scope of this paper consists of social businesses I have added the theoretical field with literature specifically treating social businesses, and provide a social business perspective to the literature review.

A conclusions which can be drawn is that the literature reviewed on business models misses out on providing a social businesses perspective and adapting their models to the context of social ventures. Research often makes no distinction between social business models and conventional business models, believing that the same model can treat both types of enterprises, however this is not entirely true, conventional models is not able to capture all of the aspects of these forms of complex enterprises. Thus literature which treats social businesses can be misleading.

Also contrary, like all businesses, social business models are designed for a purpose by focusing on business opportunities based on existing societal issues. The main differences lie in the acquiring of necessary resources and capital in order to create value for their customers. The investment of capital in a conventional for-profit enterprise is designed to further generate financial return for the business. As investment comes into the company a product or service is delivered to the market, where revenue is generated from sales, and the maximum possible financial benefits are extracted from the returns of the business.

However in the case of social enterprise the motivation for investments made is to create social benefit. In the social enterprise model, there is a capital investment made and a social benefit is produced which is done in such a way that value is reinvested so to helps sustain or develop the existing operation in the enterprise, thus a properly design social business model should have value creation as its main purpose, this means that social businesses are working under different conditions to achieve self-sustainability. This often requires having integrated partnerships with many complementary partners opening up for new opportunities for integrated collaborative relationships.

To summarize, there is a need for additional literature which adapts and tests theories and models on social ventures, in addition to an increasing encouragement of social ventures to incorporate shared value strategies in their business models.
I finally finished of the literature chapter by presenting potential outcomes which can be derived from share value creation activities, leading to a value proposition on a meso, micro and macro level.

**Extended theoretical framework**

As stated in the introduction part of this paper, the sub-purpose is to extend the theoretical framework based on existing theory. In this chapter I will summarize the most relevant theories to conclude the sub-purpose of this study.

There are three overall conclusions which can be drawn from the literature review and applied in the developed framework.

First, literature on business model states that a business model is a representation of how a firm creates, delivers and captures value from the products or services it offers, a great business model can be of more value than a great value proposition. In addition, literature argues that business models should leverage internal resources, activities and partners which constitute the value creating activities of the business model.

So for this paper the challenges and benefits of the business model, involving the nine components presented by Osterwalder and Pigneu (2012) is of particular interest, and will be used as a basis for gathering the empirical data and analyzing the empirical results.

Second literature on collaborative relationships by Austin and Seitanidi (2012) argues that sustained competitive advantage can be made when conditions for collaboration are fulfilled, meaning collaborative partners which have linked interests, common resource directionality and use, similar nature of resources and a resource complementarity. Thus the stated conditions for collaborations are central in order to reach an increased level of contribution.

Third, shared value creation derives from both corporates social responsibility and value creation and the literature states that a shared value creation strategy should be incorporated in the business model and the overall business strategy of the company.

In this study shared value creation concept presented by Porter & Kramer (2011), involving the three ways of creating shared value opportunities, namely 1) reconceiving product and markets, 2) redefining productivity in the value chain and 3) enabling local cluster development will be used as a basis of discussion in presenting and analyzing the empirical results.

Value can be seen differently among partners as different partners contributes with different values, thus a collaborative relationship between partners can be useful especially when firms do not possess the necessary resources to offer value to their customers, hence collaboration and the sharing of value creation between firms can fill the gap of an unsustainable business model. Based on this, a theoretical model can be developed of shared value creation with a business approach.

The image below represents the first scenario of a market containing businesses that may not be able to achieve self-sustainability.
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Figure 3. Similar but dispersed business models.

The main components in the business model processed for this paper are color-coded to describe whether they are part of the businesses main activities and contribute to the value being created, or contribute to the majority of the costs being generated. On one side of the color spectra red represents negative costs generated and the insufficient assets possessed by the business model while green represents abundance in assets and a direct relation to value creation operations.

The organization (Subject) and its potential partners with similar business models who work towards the same goals may have an abundance of one component of the business model which allows for value creation to occur but lack another. These business models are often left unsustainable, as a balance between resources one possesses, activities performed and partnerships developed is not sufficient to achieve self-sustainability.

An example of this occurrence would be shopping malls and smaller stores, shopping malls being the subject and stores being the potential partners, where all parties share similarities in their goals and purposes which are providing their customers with product or services. The shopping mall owns the resources in the form of infrastructure which includes facilities, equipment, electricity and water. However they do not possess all the resources, nor do they perform all the activities in their business model themselves, such as manpower and setting up the smaller businesses and shops, as this would be too costly. The stores however face a similar issue regarding possessing all of the components in their business model where they are fully adequate in activities, having found customers and started offering products and services, but may lack in the necessary resources to keep their business sustainable.

In scenario two however a business model moves towards shared value creation, where the potential partners with complementary resources have alligned in the collaborative efforts to reduce the total costs of running their similar operations thorugh sharing resources and assets. The subject accounts for the most significant assets and resources contributed, the foundation in which all parties can collaborate.

For shared value to occur the firms may focus on the essential factor of the business model which is its source of value creation, this way the firm is able to direct nonessential factors of the business model which is often generating the most costs to complementary partnerships (illustrated in the black arrows) who contrary may see these nonessential activities as their source of competitive advantage. The arrows in between the business models represent the conditions for collaboration which specifies whether or not the firms are good matches for collaboration.
Shared Value Creation in Social Business Models

Figure 4. Integrated business models

In the case of a shopping mall and smaller stores, the mall provides with the resources in form of facilities and maintenance to their partners, while their partners provide all the activities, selling products and services which are offered to the end customers. This way they can benefit from each other integrate their business model and create shared value, value which is greater and to a lesser cost than the sum of all the value created by the individual parts.

In summary, an organization must create value in order to stay competitive and self-sustaining. This is often done through partnerships where resource can be shared to benefit all in order to gain more value from the collaborative relationship. However, how organizations view value differs considerably and depends largely on the context in which the business model operates, thus organizations must early on identify their potential partner’s perception and definition of value in order to create a successful collaborative strategy.

So to create successful collaborative partnerships companies must understand their role in the collaborative relationship and how the collective business model is formed so to increase their possibilities for shared value creation.

The business model framework by Osterwalder and Pigneur (2010) can be used to understand Porter and Kramers three ways of creating shared value, by understanding the business model framework and how it enables the business to create shared value creation opportunities. The internal value creating components represents the subject’s internal activities, resources and partnerships, and how these are used to formulate a value proposition which then is delivered to the customers through different customer relationships and channels. While Porter and Kramers (2011) three ways of creating shared value, namely reconceiving product and markets, redefining productivity in the value chain and enabling local cluster development allows for better utilization of the business model and acquiring needed business model assets such as resources, activities, customers or channels to achieve a superior business model. This also allows for a shared cost structure and a shared value stream greater the before. The conditions for collaboration between the subject and its partnering firms has to be taken into consideration when executing shared value operations so to achieve maximum gains.

There are four important points which should be considered when using this framework, 1) the subject should identify it’s most important internal value creation resources and activities
which is its source of competitive advantage. 2) The subject should map out and identify potential partners and ask if they fulfill the four conditions for collaboration. 3) The potential value exchanges between the firms should be identified and analyzed. 4) When choosing a partnership to build the shared value strategy around the exchange should leverage the internal value creating activities which is the firm’s main source for value creation. The value achieved by the subject should in turn deliver some sort of social benefit or value for the environment or society in which it operates.

The purpose of this framework is for firms to use it as a basis when developing new business models, in addition to analyzing new potential shared value creation strategies. The model developed enable firms to more effectively match internal sources of competitive advantage such as resources and activities, with external value recipients. I argue that the business model of firms can become more efficient if it leverages its internal resources and activities that are of most value in its shared value strategies.

As mentioned previously, I want to emphasize that the theoretical framework is built on existing literature which makes no distinction between conventional for-profit firms and social businesses. However I will test the framework empirically on social businesses and consequently only the applications on social ventures will be analyzed.
3. Methodology

In this chapter I will present the underlying methodological approach of this thesis. The methodological approach will follow the research onion model developed by Saunders et al., (2006, 2009), where the choice of strategy will be outlined from choosing research approach to collecting data and how the data will be analyzed.

I will here provide with an explanation to my choice of research using the research onion model by Saunders et al., (2006, 2009) presented in the figure 4 below. That is, from a theoretical view to a practical execution such as gathering empirical data, and how I will execute the analysis.

Figure 5. Research Onion, methodology choices based on the model of (Saunders et al., 2006)

3.1 Research Approach

For the research strategy, two decisions needed to be made, firstly I had to decide whether to use a qualitative or quantitative approach, and secondly whether I should pursue an inductive or deductive approach. Both decisions shall be outlined and justified in this section.

Qualitative vs quantitative

A meaningful way in differentiating qualitative and quantitative data is by numeric and non-numeric data, qualitative data referring to numerical data and data which have been quantified, and the quantitative data referring to non-numerical data or data which has not been quantified (Sounders et. al., 2007). In addition, quantitative data techniques are usually applying some form of statistical analysis using large samples, while qualitative research techniques are commonly based on small samples with the intention to create insights, understanding or precise profiles (Malhotra & Birks, 2007). Gephart (2004) argues that qualitative research can offer a holistic view of the reality which cannot be reduced into few variables while qualitative research allows the understanding of underlying processes behind individual’s actions and decisions (Gephart, 2004).

Both techniques feature a number of advantages and disadvantages which should be considered.
Shared Value Creation in Social Business Models

Qualitative research is said to produce no truly valid findings which can be applied to an entire population, since the findings are based on single or only a few cases subject to the study (Malhotra & Birks, 2007). However, qualitative data is said to be the only method in which the researcher can gather data sensitive enough to gain a deeper understanding of and insight to the social events as well as create a holistic profile of certain phenomena (Strauss & Corbin, 1998; Saunders et al., 2009).

As the aim of the paper is to explore shared value creation with a business model approach, in the context of social businesses, according to Saunders et al., (2009), I see it advantageous to use a qualitative approach to get a deeper understanding of the phenomenon and knowledge of the problems associated with the case, which can be done through interviews. A qualitative approach also allows me to explore and investigate variables which are still unknown, by gathering rich data on the topic (Myers, 2009; Saunders et al., 2007).

**Deductive vs inductive**

There are two main approaches in academic research, on one hand there is the deductive approach and on the other hand we find the inductive approach (Saunders et al., 2007)

The inductive approach refers to studies which collects data prior to developing theory based on the analysis of the data, this type of research is said to be concerned with the context in which events take place (Sounders et al., 2007). In addition, according to Sounders et al., (2007) inductive approach is used when a researcher observes a situation and then forms a theory based on the results of his observation, also taking into account the human aspect when interpreting the social world in which he lives in.

A deductive approach is an approach in which the researchers develop a theory as well as an according frame of references so to design a strategy of how to approach the phenomenon, which is more commonly used when testing certain theories or hypothesis (Saunders et al., 2007).

Because of the exploratory nature of this paper i will choose an inductive approach since the topic of shared value creation from a business model perspective is not thoroughly researched, in addition to the context of social business.

**3.2 Research strategy**

According to Sounders et al. (2007) a research strategy should enable the researcher to answer the particular research question and objectives, thus the research strategy should fit the approach and the purpose of this paper, outlined in the introduction. So in order to fully answer the research question and create a precise profile of how shared value is created within social ventures, a broad range of possible research strategies have been considered, such as surveys, case studies, grounded theory and experiments.

Since this paper has a descriptive purpose and qualitative approach only a few of these research strategies could be applied so to collect the primary data and thus answer the research question. Among these strategies discussed, case studies are among the most widely used methods (Gephart, 2004) and it intends an early exploratory investigation where the variables are still unknown and the phenomenon not at all understood (Voss et al., 2002).

According to Yin (2003) case studies can be defined as an empirical inquiry which investigates a contemporary phenomenon within a real-life context, particularly when boundaries between the phenomenon studied and the context are not clearly visible, based on this it is believed that the case study is the method which is best applicable for this paper as the current research focus is understanding the shared value creation from a business model approach. Case studies promises to aid in the understanding of the topic under investigation or
create a more precise description of the phenomena (Morris & Wood, 1991), in addition, Sounders et al. (2007) argues that case studies are as most applicable in explanatory and exploratory research which goes in line with the researchers goal.

There are two types of case studies which should be differentiated, single and multiple case studies (Yin, 2009). A single case study is frequently used to investigate a critical or extreme event (Blumberg, 2008). Multiple case studies however allows the researcher to obtain robust findings based on the ability to replicate predicted similarities or differences across the selected cases (Voss et al., 2002; Yin, 2003) as more than one case is being looked at. As the paper strives to understand shared value creation in social ventures the author has chosen the multiple case strategy in order to find similarities and patterns between cases, thus get more robust findings when answering the research question.

3. 3 Time Horizon
In this section it is important to distinguish between cross sectional and longitudinal studies, the latter refers to studies where the authors investigate change and development, connected over a longer period of time while cross sectional studies refers to studies made on a particular phenomenon at a particular time (Sounders, 2006). Taking into account the purpose of this research that is how shared value is created in social businesses, based on to the time available to complete the research and cross sectional studies was chosen as the most suitable choice for this paper.

3. 4 Case selection
Common problems encountered in academic research are budget and time constraints which consequently limit the scope, amount of cases and interviews spent on the project. As the paper will use a qualitative method it is necessary to define the scope from where the cases can be selected (Eisenhardt, 2002). Creating a holistic view of the shared value creation phenomenon would clearly have exceeded the resources for the project, thus the cases chosen were based on a subjective judgment (Sounders et al., 2007). The cases for this study will consist of social ventures which are creating shared value for an end user. The cases will only consist of Swedish companies, stationed in or around Halmstad since the author of this paper are Swedish and the thesis is written within Swedish high education. In addition this made it easier to gain access to companies through the university in Halmstad more exactly with the help of supervisors and contacts within the university, which ultimately contributed in conducting good interviews and retrieve good data. More specifically the goal was to select cases which enables the author of this paper to reflect on the frame of references derived from the theory and answer the research question, thus decisions was made based on convenience (Collis & Hussey, 2009; Saunders et al., 2007).

In addition to this, a number of criteria had to be reached before choosing the case which was: 1) Fulfill the criteria of social venture, 2) To be geographically accessible 3) And have access to appropriate research subjects.

The name of the social business I will examine is ‘Alla Hjärtans Hus’ which is a collection of 12 association including the Halmstad municipality, working together under one roof, forming a value proposition to their common customers which are senior citizens in Halmstad over 65 years of age. Three of these partnering associations will be studied to understand their contribution to the operations in Alla Hjärtans Hus.

The company chosen for this study is:

• Halmstads Municipality
• Alla Hjärtans Vänner - A nonprofit organization with sole purpose of maintaining and develop activities on Alla Hjärtans Hus.

• SeniorNet - A nonprofit organization formed to increase senior’s use of computers. They work with the method where seniors teach seniors. On Alla Hjärtans Hus they offer both training and an open drop-in session.

After defining the appropriate company to research, the next step in the qualitative research is gaining access to capable research subjects (Collis & Hussey, 2009; Myers, 2009). To reduce the amount of data needed, only a subgroup should be considered, instead of all possible cases or elements (Sounders et al., 2007). As this paper will apply a qualitative method, the respondents in the different companies have been chosen based on the individuals most likely to obtain the knowledge which the interviewer is interested in (Carol & Warren, 2001). Thus the interview will be conducted with the group of individuals involved in the value creation activities in the social business.

To gain access to the research subjects, the author of this paper got in contact with the spokesperson of Alla Hjärtans Hus by the name of Kenneth Ring, though the supervisor of this thesis. The potential interviewee was then contacted through e-mail, introducing the researcher’s topic and background, explaining the research project and in what way the result would be used (Myers, 2009).

After the initial email contact and the respondent accepted to be involved in the project, a meeting was scheduled in order to further clarify different issues and concerns. With the help of the first respondent Kenneth Ring I came in contact with the spokespersons of my two other cases, Markus Andersson working for the municipality and Bibbi Blomquist working for SeniorNet. These cases were chosen by Kenneth Ring based on their importance in the operations of Alla Hjärtans Hus. Markus Andersson is the closest tie to the municipality and Bibbi Blomquist the president of SeniorNet, the largest organization in Alla Hjärtans Hus and the association who has been involved in the development of AHH longer than all other associations. Because of this both cases were viewed as good targets for this research and were subsequently informed of my affairs by Kenneth Ring beforehand which made it easier for me to get them to participate in the project.

The respondents chosen for this study are:

• Halmstad Municipality - Markus Andersson, Äldrelots at Alla Hjärtans Hus

• Alla Hjärtans Vänner - Kenneth Ring, Member of the board of directors.

• SeniorNet - Bibbi Blomquist, President of SeniorNet

3. 5 Data Collection
Two types of data is mainly distinguished when it comes to data collection, these are primary and secondary data (Myers, 2009). The researcher’s questions and purpose generally dictates which appropriate method to choose (Yin, 2009). The gathering of empirical data will be done through both primary and secondary data collection. These two data collection methods can serve as complementary sources of data providing conformation increase the credibility of the findings (Cowton, 1998), or making up for the others inadequacy. The primary data will be collected through conversations and interviews where the researcher asks the questions and listens as the respondent’s answers while the secondary data will be collected through sources such as internet and pamphlets (Carol & Warren. 2001).
Qualitative in-depth interviews enables the researcher to learn from the experience of the interviewees through comprehending their actions, decisions, opinions and attitudes, and leave less room for misinterpretations in both questions and answers (Marshall & Rossman, 2006; Saunders et al., 2007).

In primary research three types of interviews are distinguished, structured interviews, semi-structured interviews and unstructured interviews (Collis & Hussey 2009; Myers, 2009)

Although qualitative interviews are characterized for encouraging open dialogue and a free flow interview, a certain degree of systematization is often appreciated (Marshall & Rossman, 2006).

Thus for these case semi-structured interviews was seen as the most suitable approach for the interviews and were therefore selected for this project.

Despite having a semi-structured interview guide the researcher of this paper added further questions whenever needed and also asked additional follow-up questions when it was found necessary. The semi-structured interview allows for some flexibility and adaptation in order to discover new topics and facts of the phenomenon investigated, thus allowing me to obtain detailed information of specific events or phenomenon not answered by the initial question (Collis & Hussey, 2009).

The language spoken by the researchers and the respondents is Swedish, the interviews were held in Swedish in order to allow the interviewees to fully express themselves openly to the topics presented (Bryman & Bell, 2007). The interview guide was thus written in English and then translated into Swedish for the meeting, making sure the essence of the questions was properly written.

The interviews have been carried out on a one-to-one and face to face basis, due to several reasons. The most important reason was to allow the respondent to answer the questions freely, and for the interviewer to process the answers and other reactions including gestures and add follow-up questions and remarks right on the spot (Saunders et al., 2007). In order not to make the respondent uncomfortable or create any negative reactions the interviews took place on environments familiar to the interviewees which was in the facilities of Alla Hjärtans Hus.

3.6 Interview guide

Qualitative interviews require open questions, where the focus is put on the respondents getting to tell their stories within an area of interest, rather than directing the questions towards one predetermined goal (Carol & Warren, 2001). The time available, access to respondents and financial and emotional costs to complete the interview should also be considered when designing the interview (ibid).

The research questions have been developed, using the theoretical framework and the business model framework of Osterwalder & Pigneur (2012) as a basis, where 8 questions were developed, along with 9 company specific questions regarding the creation of shared value, and descriptors asking for background information such as name, age and position in the company. Further, the interview guide has consisted of three kinds of questions, 1) main questions which start and frames the conversation 2) probes in order to clarify answers or request further examples, and 3) follow up questions which pursue the implications of answers to the main questions. In addition to this the interview was made somewhat flexible in order to observe the different meaning emerging as the interview progressed, including
acknowledging that developments in the conversation may make some of the previous constructed questions irrelevant (Carol & Warren, 2001).

The interview guide is presented in Appendix 1.

3. 7 Data Analysis
Analyzing the data gathered form the qualitative method demands honoring the meanings expressed in word by the respondents, in order to categories the collected data from non-standardized methods and to analyze the data gathered through the use of conceptualization (Sounders et al., 2007).

In order to analyze the data, the first step requires me to audio record the interviews carried out so not to miss any valuable answers from the respondents. There after the most important aspects of the interview are presented in the empirical part, for this paper in chapter 5, which is based on the transcribed interviews, taken from the audio recordings. The translation from Swedish to English were dealt with as carefully as possible, in order to ensure that valuable data was not lost nor misrepresented in any way (Bryman & Bell, 2007).

To capture the essence of the words expressed as clearly as possible, the most descriptive responses were presented in the form of direct quotations in the Empirical and Analysis part (Bryman & Bell, 2007).

When applying a deductive approach to qualitative data analysis it is common for the researcher to scan the data in order to find patterns which matches patterns in the frame of references (Sounders et al., 2007). However in an inductive analytical approach one usually develops the theory rather than test it, thus the researcher can investigate a phenomenon beyond the theoretical framework developed (Bryman & Bell, 2007).

In order to then proceed with the analysis of the data, after it has been transcribed, it has to be decoded, compared, explored and tested in order to become a theory (Bryman & Bell, 2007)

Coding is the allocation and labelling of empirical data into components which should be of some significance to the theoretical framework (Bryman & Bell, 2007).

When analyzing the data collected in the interviews one may use the theoretical framework in order to classify the data collected, thus it connects the data to already existing body of knowledge in the field (Sounders et al., 2007). This has been done in a few steps, first I have interpreted the empirical data, searching for meanings and causes, and tried to bring order to the data theories presented in the literature review. This can also be explained as simplifying and presenting the key research discoveries in order to create an overview of what I have found. Then I have searched for correlations, similarities and differences between the theoretical framework consisting of the business model framework by Osterwalder and Pigneur (2010) and the shared value creation concept by Porter and Kramer (2011), and the data collected in order to create a greater understanding of the phenomenon of shared value creation in social business models.

The data obtained from the interview was analyzed in a combination of within-case analysis, meaning that each case was analyzed separately and compared to the theoretical framework, thus comparing and contrasting the new results with previous work accomplished in the field (Yin, 2009). This enabled me to directly compare the practical findings with the theory, hence also making it easier for the reader to see the correlations between the cases and the theoretical framework without having to again, read through all the data.
3.8 Trustworthiness
In order to evaluate the quality of the research findings, a trustworthiness of the paper must be built based on four important criteria’s, which are Credibility, transferability, dependability and conformability (Bryman & Bell, 2011).

3.8.1 Credibility
According to Shenton (2004) credibility refers to the consistency of the findings compared to reality. So the credibility has been ensured by recording the interviews and gathering data which then has been compared with secondary data sources (Cowton, 1998). In addition, according to Tracy (2010) credibility of the findings will increase if the researcher allows the participants to look at all the finding before the paper is published, in order to provide the opportunity for questions, critique and feedback, thus all participants were sent a copy of this paper before it was handed in to supervisors for review.

3.8.2 Transferability
According to Shenton (2004) and Bryman and Bell (2011) transferability refers to the applicability of the finding in similar situations, in other situation or over time. A big limitation of the business model theory and shared social value creation is its context dependency. In this case, many of the findings are context specific which may lead to difficulties in transferability of results. However it should be possible to transfer the results of shared value creation within the industry of social businesses.

3.8.3 Dependency
Dependency refers to how reliable the researchers work is (Shenton, 2004; Bryman & Bell, 2011), that is if the research is able to yield identical results after being carried out again under comparable circumstances (Malhotra & Birks, 2007). In other word, to which extent the data collection method will deliver similar observations of consistent findings if another group or researcher would conduct the same research again (Saunders et al., 2007). The most important action taken to ensure dependency was to fully disclose the relevant actions taken and as detailed as possibly describe the process of how the research was carried out. Great emphasis was put on not affecting the interviews in any direction in terms of suggesting answers or putting the respondent under time pressure. In addition the interviews were carried out in a place familiar to the respondent, thus achieving a comfortable environment and allowing audio recording, in which the respondent could freely and relaxed express themselves and answer the question without any difficulty.

3.8.4 Conformability
The criteria of conformability refer to the degree of which the results can be confirmed or corroborated by others (Shenton, 2004; Bryman & Bell, 2011). I was well aware of the fact that doing this research alone could be seen as a limitation as some of the finding could not immediately be corroborated with someone else, as a result to minimize the risk of incorrect assessment, the results of the interview were confirmed with the interviewee, in addition to this the methodology has been outlined in detail so the readers can assess by themselves whether the research is confirmable or not (Shenton, 2004).

3.9 Research ethics
When conducting a research project a number of ethical aspects may arise during the research process. Two main areas regarding the ethical considerations which play crucial role in how this project is formed, firstly how the participants are informed and treated, and secondly how the study has been conducted regarding the handling of privacy, confidentiality and anonymity.
As the topic and problem formulation was developed I was clear in informing the respondents in Alla Hjärtans Hus of my intentions and openly listen to suggestions from the respondents regarding the aim of the thesis. A transparency and open dialogue is important in order to avoid mistrust and get the most out of this research.

As a researcher I had somewhat unlimited access to the companies in Alla Hjärtans hus which naturally influenced the amount of detailed information I could gather in the data collection process. The interviews and observations were made with the approval of the people concerning this research and the respondents were given the opportunity to remain anonymous, however all respondents gave their consent to be named in this thesis which was advantageous to the purpose and to the exploratory nature of the study, investigating the connections between businesses in order to create shared value. Further relevant business research literature was often contemplated, and the researcher attended research method lectures at Halmstad University, in addition to discussing with supervisors and other staff and employee at Halmstad University.

3.10 Delimitation

The empirical study carries some delimitation, the research has been conducted on a social enterprise which has made it possible to conduct the study in the location where the operations are performed. However this made it limited to one case study regarding one business model. Secondly there are some limitations regarding the theoretical framework, the foundation of the research is the business model concept which is a wide and complex field of research with many concepts and theories. Within this field of research I have chosen to focus on the development of business models based on shared value and collaborative relationships leading to outcomes on a meso, micro and macro level, representing a tool for conducting the research. Further the environmental aspects affecting this phenomenon are not investigated in detail.
4. Empirical data – Alla Hjärtans Hus

In this chapter I will present the social venture chosen for this study, which I Alla Hjärtans Hus, and give a short background of its activities and why it came to exist. I will also present the three cases involved in its activities which are Halmstad municipality, Alla Hjärtans Vänner and SeniorNet.

4.1 Alla Hjärtans Hus

Alla Hjärtans Hus is an open meeting place exclusively for senior citizens in Halmstad, Sweden which started in 2008. The organization of Alla Hjärtans Hus started due to the increasing number of elderly feeling left out of society in Halmstad. Alla Hjärtans Hus (AHH) is a large facility on more than 700 square meters and includes an open space for meetings, education, café, information, movie, television and other entertaining activities. In addition there is a center for relatives, offices for dementia teams, libraries, rest rooms and other rooms openly available for senior citizens. All activities are run by volunteers, non-profit organizations and associations with the support of the municipality. AHH program activities with lectures run seven days a week, every day of the year and are very popular and well attended among seniors. In 2013 AHH created more than 550 program activities and attracted more than 33 000 visitors, an average of 60 visitors per day, every day of the year.

The wooden floors and soft furnishings in warm colors invite visitors to sit down and socialize with friends in the bright and open spaces. Coffee is served at the café inside the house to a small price and the library offers many books. Seniors can book a beach chair on Halmstad's first indoor beach, Solparadiset, where strong fluorescent transports the sunbather to Bali or Miami.

As a relative one can get support and advice from a care agent inside AHH. Many seniors and families turn to Alla Hjärtans Hus when they need tips, advice or answers to questions about senior care. The most common questions are related to home services, service apartments, food cards and household services. And if answers cannot be provided at AHH, the individual is guided to someone who can.

Many elderly people have no social network. Involuntary loneliness is a growing problem in society, and especially elderly people have a greater risk of isolation and alienation. It can lead to lower self-esteem, poor eating habits and greater alcohol consumption thus higher risk of depression and other mental illnesses. There are also studies showing that the risk of Alzheimer's disease is increasing and that loneliness affects the immune system as well as the circulatory system negatively. Many naturally loses coworkers, friends, or suffer a loss among family members or their pets, this is a major risk factor for loneliness, especially losing his life partner.

In Halmstad, there are about 19,000 to 20,000, which are over 65 years of age. Out of them, it's about 3000 that have some form of intervention from home care administrations. This means that there are approximately 16,000 seniors over 65 years of age who have full capacity to take care of themselves and move freely without the support from the municipality, these people are often forgotten. For them Alla Hjärtans Hus is a security, places where they can interact with other people and eventually also become involved in the
activities taking place. Alla Hjärtans Hus was created especially to reach out to these elderly people, with the aim of raising the quality in their everyday lives and reduce loneliness. Creating an environment where people take care of each other.

A meeting place called Alla Hjärtans Hus
A lot of work was done leading up to where a decision could be made to start Alla Hjärtans Hus. In 1999 an experienced female volunteer coordinator was employed whose task it was to gather organizations involved in voluntary work who already at that time made positive impact on the lives of elderly. Now however the goal was to get them together somehow and link them to the municipality. She began almost immediately to work with these senior organizations and non-profits, and initiated what she called a volunteering council, where these organizations came together with a common denominator of willingness to volunteer. In connection to this they also began to work a lot with computers, with the goal of enhance understanding and literacy among seniors about computers. It was founded as a union of retirees which later would be called SeniorNet, and who the volunteer coordinator helped initiate. The same group also hatched the idea of a house for seniors called Pensionärernas hus, a large premises which could facilitate social activities and act as a meeting place for senior citizens, as it was acknowledged that access too meeting places at that time for seniors citizens was limited. This led to the merger of both senior associations and non-profit organizations to try to approve the financing of a so called pensionärernas hus. As soon as a facility showed up the group started public opinion formation, created debate with officials and politicians in order to get them to sponsor the facilities for them. This happened on several occasions one of them being as the city library closed down and moved to a different facility, at that time the group wanted to get together with the youth associations to create a common meeting place where young and older retirees could reside. This would be open for seniors during the days, and the youth in the evenings, but this proposal was declined. Something that in hindsight turned out to be fortunate since activities in Alla Hjärtans Hus occur from morning to evening every day of the week.

But in November 2007, when the old postal office in the city center became vacant, they lobbied harder to get the municipality to sponsor a Pensionärernas hus. Just a month later the hard work played off as the municipality accepted to pay for the facility including the maintenance in December of 2007. At this time the team had built up a momentum, they started forming two focus groups, had some open cafés for dialogue to gather people from the various senior organizations and gathered information about what the senior citizens were interested to have in a Pensionärernas hus. It was concluded that the need was consistent among seniors, they clearly expressed that they wanted a social space with a café, cozy environment, access to tools, open community, and it was very important that there had to be activities during the days. Computers were also an important factor, including information desk or help desk in the facilities.

In august the following year just before the opening the municipality called to a meeting and asked if there was anyone who was willing to volunteer during the days, at the first meeting more than 60 people showed up willing to work voluntarily. It was decided to divide all volunteers into three main areas taking care of the café, activity and reception area.

This is the backbone of Alla Hjärtans Hus, retirees volunteering and doing the work themselves. The house is run in a democratic spirit, a grassroots organization where the assignments come from below, that is they must come from the seniors themselves.
In November 30, 2008 Alla Hjärtans Hus opened and is today with its 5-600 programs and over 33,000 visitors unique in Sweden, and continues to grow month by month. There have been similar attempts in Uppsala where, with 23 full-time employees and 30 million SEK manages a fraction of what has been done with 0 employees and a budget of 1.2 million SEK in Halmstad, which is the total costs for the rent of the facilities and maintenance of AHH. It has during its active years therefore received awards and been visited by politicians, deputy secretary of state and ministers who has wondered how Alla Hjärtans Hus has been able to offer these activities and attract so many customers at such a low cost.

Activities on Alla Hjärtans Hus

Alla Hjärtans Hus consists of registered firms and independent groups which can all be classified as organizations who perform activities within AHH. The difference between the registered firms and the independent groups however is that the registered firms are registered with the state, pay taxes, take out a membership fee and take responsibility for their activities themselves. The independent group however are just a gathering of individuals, using the facilities in Alla Hjärtans Hus to perform specific activity at chosen times, they register their members however do not take out any fees for their activities as anyone and everyone is allowed to drop in at any time. Both the registered firms and the independent groups are together responsible for the contents in AHH.

The following associations and organizations below are those who engage in some form of activity inside AHH, and they are in number 12 actors.

Among them there are five large registered non-profit organizations, they are:

<table>
<thead>
<tr>
<th>Registered firms</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alla Hjärtans Vänner (Valentine Friends)</td>
<td>754</td>
</tr>
<tr>
<td>SeniorNet</td>
<td>600</td>
</tr>
<tr>
<td>Pensionärs universitet (Senior University)</td>
<td>295</td>
</tr>
<tr>
<td>Aktiva Seniorer (Active Seniors)</td>
<td>173</td>
</tr>
<tr>
<td>Salmon Town Dancer</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1892</strong></td>
</tr>
</tbody>
</table>

Table 2. Registered non-profit firms in Alla Hjärtans Hus

In addition to these, there are seven other independent groups, which are:

<table>
<thead>
<tr>
<th>Independent Groups</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canasta</td>
<td></td>
</tr>
<tr>
<td>Citykören (City Choir)</td>
<td></td>
</tr>
<tr>
<td>Line Dance</td>
<td></td>
</tr>
<tr>
<td>Måla Akvarell (Watercolor Paint)</td>
<td></td>
</tr>
<tr>
<td>Solskenskören (Sunshine Choir)</td>
<td></td>
</tr>
<tr>
<td>Stick och virk (Knitting and crochet)</td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>2000</strong></td>
</tr>
</tbody>
</table>

Table 3. Independent groups within Alla Hjärtans Hus
All the actors are different financially, every actor has a membership fee which varies from 20:- SEK to 150:- SEK per year, where all the money goes to improving operations for the customers and for its members.

The actors are helping to power the organization, implementing the programs, they are the backbone of Alla Hjärtans Hus. The municipality is in charge of the rent and maintenance of the facility but is not involved in the activities going on in the house and which the customers are participating in.

The Program schedule has a scheduled time once a month where the public can give their suggestions on what kind of lecture or activities that should take place, all programs are created through this joint program group meeting and everyone is welcome. In addition there is a ‘Program Group’ consisting of three people from Alla Hjärtans Vänner who has the last saying in all activities going on in the house, and are made up of one representative from all of the most important actors in Alla Hjärtans Hus.

How activities are formed
An example of the naturally developing activities organized by the seniors themselves on these program group meetings are ‘Stick och Virk’, meaning knit and crochet, two ladies came into the house and wanted to sit on the couches to knit and crochet, in time it was realized that more people wanted to join and participate, so the senior ladies were asked to put up a notice, which they did, and from two people grown into becoming 35 people at every event. The same goes for many of the other independent groups such as ‘MålaAkvarell’ who started small but today are around 25 people, Canasta began with a table at 4 and now are 70th at each event, ‘Linedance’ and ‘CityKören’ alike. CityKören has its open choir on Wednesdays where the message is that everyone can sing, whether you have a tiny voice or great voice everyone is welcome. They were not many to begin with but now they average around 50-60 people, singing in chorus, telling stories which sometimes are child friendly and sometimes not.

However not all activities have proven to be of interest to the visitors, such as dancing to an orchestra with a Youtube screen, a Wii games or even darts games with a real dartboard with international standards, so people involved in Alla Hjärtans Hus have a mentality every suggested activity should be allowed to be tested before it can be declared not work.

The major aim of Alla Hjärtans Hus today but also the problem facing the future is to get all the actors under one umbrella that is under one name. There after they can focus on increasing the number of actors and they believe that members are only a consequence of great activities developed by the actors.

4.1.1 Halmstad Municipality

Background
Around the same time as the project of pensionärernas hus was approved in December 2007 the Äldrelots was approved, an Äldrelots in AHH is a person or position which acts as the link between the municipality and seniors in Alla Hjärtans Hus, an information service where seniors can address various issues related to the elderly care such as home care, transportation services, housing for the elderly, but one can always contact the Äldrelots by phone or come into their office inside AHH.
Markus Andersson is working as an Åldrelots in Alla hjärtans hus where he also has his office and is the municipality's closest link to the organization. Markus was involved from the very beginning when the project then called pensionärernas hus, was initiated.

Reconceiving new products and markets
According to Markus, the municipality freely accounts for the rent, but all of the content is provided by the seniors themselves, where the purpose of the operations is just as with other work within preventive care of the elderly, namely enhancing the well-being of elderly citizens. Social relationships, entertainment, meetings and lectures have shown to be very effective in order to improve wellbeing of people. Markus explains that as a municipality one puts a lot of emphasis on the lonely people who are out in the community, to create opportunities and environments for these individuals where they can feel welcome, meet and have social sittings together. By having venues such as Alla Hjärtans Hus, one can get people together, who may not have the social skill to naturally meet other people, to appreciate the facilities as a nice place to socialize with old friends or meet new ones. The house has managed to break the negative vicious pattern in many cases, but far from all.

Markus explains that as a municipality they want to facilitate well-being but also inform the senior citizens who can no longer take care of themselves, or have a spouse and can’t take care of him or her, about the care that is available. The city of Halmstad has a growing elderly population which likely will not decreases in the future. Markus explains that the municipality does not have the resources today to help all senior citizens in Halmstad, which consist of 19,000 - 20,000 people over 65 years of age. Out of them, 3000 people already have some form of intervention from home care administrations in Halmstad, thus it is a fairly large group who do not seek help from the municipality. However aiding the remaining 16,000 is economically impossible, in addition many seniors today prefer taking care of themselves. Thus projects such as AHH is a way of saving future costs through maintaining the well-being seniors have now during their later years. This way many seniors can have a good time and an active life without assistance for a longer period of time.

The goal as Markus puts it is that everyone who comes to Alla Hjärtans Hus should feel welcome and be well treated. They want to put emphasis on informing the seniors when they come to the house, that they should know what the community and municipality stands for, the municipality is not only home service, the municipality is not only retirement homes, but there are nice things as well. Mark proudly express that the city of Halmstad is among Sweden's best in prevention of social exclusion.

“We work hard and we are very good at what we do”
(Markus Andersson, Halmstad Municipality, 2014)

When Markus is asked of how they measure the value which is created, he expresses that measuring the social wellbeing is hard, but any measure done are done through counting the number of people visiting the house. Markus explains it as being the most efficient way of measuring since if customers do not appreciate what they offer they would for obvious reasons not return. The number of visitors has increased three fold since the opening in 2008. Today Markus explains that Alla Hjärtans Hus has about 2,500 to 3,000 visitors per month, not counting their drop-in guests who just come in to meet some friends. The number is calculated by how many cups of coffee are sold per day. The entire summer it has never been less than 200 per day.
Redefining Productivity in the value chain
According to Markus the municipality providing all the actors with a platform, that is facilities, access to internet, their own offices and phones, and the use the premises without paying any rent, thus they can focus all of their efforts on providing value to the senior citizens. So the facility is as Markus explains it a framework in which the different actors can perform their duties and create activities that interests the senior citizens. Alla Hjärtans Vänner have their own independent economy financed through the membership fee which is going well, so other office supplies such as tape or new notepad is paid by themselves.

Markus expresses that for him the most important resources are the collective people, all those volunteering for Alla Hjärtans Hus. The importance of the infrastructure is just shortly addressed instead he focuses on the many driven and ambitious people involved in the activities, it is estimated that 170 people are dedicated and work voluntarily. The appreciation for these volunteers is shown by the municipality through small event which occur frequently throughout the year and range from simple meeting and free coffee, to larger events which occur twice a year where all the volunteers are invited.

Enabling local cluster development

“*The municipality could never accomplish Alla Hjärtans Hus alone, and an actor can never do this on their own, but together we are able to accomplish the result*”
(Markus Andersson, Halmstad Municipality, 2014)

Markus states that the 12 different actors within the house are without a doubt the most important partners they have, without them Alla Hjärtans Hus would only be an empty facility, so they put a lot of emphasis on the cooperation’s between actors. In addition there is the association Alla Hjärtans Vänner which is a very important player, and above all in the constellation as it has evolved to become now Alla Hjärtans Vänner consists of board members from all 12 associations and organizations. There is an idea that in the future these organizations will take over the house more and more, as they have done in the past but however more work is still underway.

Markus states that "Together" is an important term in Alla Hjärtans Hus, they are constantly working on getting the different actors on work more closely together, he believes that through close cooperation it will make them stronger also in pursuing larger issues in society. As well Markus acknowledges that when working together in solving the need of the customers, risks decreases as new associations form and key associations leave or disappear from Alla Hjärtans Hus. According to Markus having people working side by side on different activities helps strengthen the business, and means that more people can help carry the load.

Markus also describes similar activities that have been initiated elsewhere such as in Falkenbärg, Sweden. The difference has been that they have hired full-time staff. This has its advantages and disadvantages, Markus express that one as a municipality must have the ability to take a step backwards, it is not always the municipalities job to solve social issues and plan what programs should be made, many times the driving force in these type of organizations are the driven individuals who can solve these issues themselves.
“All that we can do is to say 'we have this budget and offer this facility, and you may fill the house with whatever activities you’d like’ that is usually enough”
(Markus Andersson, Halmstad Municipality, 2014)

At first, when Alla Hjärtans Hus was started in 2008 the municipality were more involved in the assembling of the different actors and in the promotion of the various parties collaboration, but more and more the different actors has taken initiative over the activities themselves altogether. Alla Hjärtans Vänner has with time taken over the responsibility, and now has members from the different players on their board of directors, allowing the board to make decisions and act on their own, which means that the municipality has dropped a lot of their duties. However there are some duties which they must be responsible for since they own the facilities, and it has to do with fire safety, locks and alarms, environmental health, café and orders, it is those elements which cannot be outsourced, further they have support the voluntary work made by the seniors and different actors.

Despite their determination not to control the direction of Alla Hjärtans Hus, they have however, strongly communicated that no actor is more important than another, no matter how long it has been operating or how many members it has. Markus describes that they work primarily with the democratic process, bottom-up approach, they don't create any activity without there being a need first, and the need has to come from the seniors, thereafter they try to solve the need together. Problems between the actors may arise from time to time but they are always resolved, the municipality is not involved in the resolving of issues as they do not view themselves as responsible for the these operation. Markus also explains that they see too that all parties involved work for a common cause, it is Alla Hjärtans Hus which is the actual common denominator, and it is only the interest of Alla Hjärtans Hus which should be prioritized.

4.1.2 Alla Hjärtans Vänner

Background
Alla Hjärtans Vänner started in October 20, 2009 and is the only association that functions as a support group for all other actors in Alla Hjärtans Hus. Kenneth Ring is the spokesperson of Alla Hjärtans Hus as well as a member of the board of directors in Alla Hjärtans Vänner. Alla Hjärtans Vänner has no other purpose than to support and develop the business at Alla Hjärtans Hus. The board in Alla Hjärtans Vänner consists of one member from all 12 associations. Kenneth explains that Alla Hjärtans Vänner consist of resigned people and their relatives, mostly people over 65 years of age where many of them are part of 4 to 5 other organizations that are working inside the framework of the house.

Reconceiving new product and markets
The association Alla Hjärtans Vänner is a support organization that has as no other purpose than to develop new and existing activities in Alla Hjärtans Hus. One of the main objectives of Alla Hjärtans Vänner is to schedule program activities every year, that is the monthly schedule which is printed out every month in 2500 copies, which consists of approximately 550 scheduled activities ever year, everything from playing canasta, three different quires, line dancing, square dance, painting course and computer lectures.

Alla Hjärtans Vänner are involved in solving day to day issues such as overall planning and distribution of duties, assigning people to solve technical issues when problems arise.
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“we have for instance a member has will be away today and tomorrow, so we have to plan what happens tomorrow, who will bring the tee tomorrow, who will buy the bread for the sandwiched tomorrow and how will we handle the programs for tomorrow, there are all these practical questions we have to solve during our morning meetings”

(Kenneth Ring, Alla Hjärtans Vänner, 2014)

Kenneth also explains that they are sometimes responsible for seeing through that the performances are done properly, often starting and presenting the activities and also helping out finishing them.

Redefining productivity in the value chain
Kenneth explains that he contributing with work in the form of time spent, which is four hours a day, seven days a week that is 28 hours a week. But if they were to take all the volunteers in Alla Hjärtans Vänner into consideration, it would be equal to seven full time employees, however in reality spread among more than 20 individuals.

Also something very underestimated is the knowledge and skills contributed by the people involved in Alla Hjärtans Vänner. Kenneth explains that their combined life experience is what he believes is the reason to why Alla Hjärtans Hus works as well as it does. Everyone sitting in the board of Alla Hjärtans Vänner is resigned people who have been working in the corporate sector and in senior positions in the society previously. They all knew from the start that they had different skill sets ranging from IT consultant to economists, nurses and architects making them a great constellation of people. Kenneth himself has both a lawyer’s degree and an economics’ degree so he brings the jurisdiction, he has been working in 12 different countries and speaks seven languages. Kenneth has been involvement in the startup of Metro in London working with Janne Stenbäck, and the TV 3 limited group who later would break down the TV monopoly in Sweden.

“Of course we are contributing with our knowledge and previous experience, we have people that have been working in the banking world, computer experts and with the elderly in the hospital, so the total area of experience and working knowledge cover a wide range in the board of directors. (…)

(...) when I’ll have to sit down and write a contract, I do not need to look up how an agreement should look like, what kind of agreement, how long it should be, all that I know from the back of my mind”

(Kenneth Ring, Alla Hjärtans Vänner, 2014)

Enabling local cluster development
According to Kenneth, the key partners are all the other actors that are having activities inside the house, including the municipality. Kenneth believe that the total network with all the co-operators is what make Alla Hjärtans Hus sustainable in addition to the belief system that no actor is more important or have a higher saying than the other.
4.1.3 SeniorNet

Bakgrund
Bibbi Blomquist has been with the association since 2003, where she began as a member, then as treasurer and now has been the president of the association since 2012. She has also been involved in the program group for Alla Hjärtans Hus for 2011 as it started.

SeniorNet is an association which gives out classes in basic computer usage for seniors, in everything from how to write an email, using work, excel, brows the web or download and install software.

SeniorNet Halmstad started in May 2001 after a group of seniors who were interested in computer technology made contact with the national organization SeniorNet Sweden about starting a local club in Halmstad. Initially, it was calculated that approximately 20 people would be interested and come to the first interest meeting, however 90 people showed up which indicated a strong sense of need among seniors. The municipality thus helped to sponsor the association with computers and premises so they could have classes to teach computer usage.

Today SeniorNet has 520 members and new members are added constantly as people approach their retirement age. The culture of SeniorNet is to help each other as much as possible where seniors teach seniors and where the classes are teacher-led with a course leader and an assistant checking that everything works as it should. In total there are 12 instructors and assistants, where only two of the leads have experience as IT consultants, while the others are self-taught.

At each course there are on average 8-10 people, one computer per student, the association offers four computers where students can sit and work, however the majority brings their own computers and tablets.

Reconceiving products and markets
Many elderly people are today getting their first computer from their children, usually worn out As the younger generation do not have as much time or ambition to teach computer skills to their older relatives, there is a need among seniors for an education in computer usage that does not have a too fast past and where seniors can teach other seniors. According Bibbi these courses in basic computer skills are increasingly demanded in society, many elderly have previously never needed to use their computer either at home or in work life, many seniors have also at times been able to avoid using a computer from lack of interest by getting others to do the job for them. However as more and more organizations start to move all their services and customer relations over to the internet many seniors are being left behind, they are no longer able to get their information through their traditional outlets, everything from paying bills to watching the bus timetables now has to be done through a computer, smartphone or tablet.

Thus the target audience for SeniorNet is 55 years and above, but also early retirees are involved, it is assumed that all members are between 55 and 90 years, and they have even had students over 90 years.
In addition to the teachings in AHH, SeniorNet carry out home visits where a teacher can do a home visit and help members who are unable to take their stationary computers to Alla Hjärtans Hus. They also have support phones where members can call and ask questions about problems they face using their computers. In addition to computer lectures, they also offer social activities such as outings, holiday celebrations, membership meetings twice a year, and arrange spring and fall trips. They also hold an open house on Thursdays and Fridays between 2-4 and 10-12, where the public is welcome.

SeniorNet also works actively to get as many volunteers as possible to support their activities and those of Alla Hjärtans Hus, everything from assisting in the reception area, café or other activities. Bibbi expresses that all players have a specific day, which for them is Thursday mornings where they man the front desk between 10 and 12, a duty which all actors in the house assumes, something she sees as a good cooperation between the players.

When asked what she and her colleagues get out of working voluntarily Bibbi expresses that both she and all the other volunteers get a lot back from working at SeniorNet and Alla Hjärtans Hus, many of them have worked with people in the past and through the association and the house they once again feel needed in addition it serves as a social meeting place for them as well.

"I live on my own, so sometimes I think, my God what would I have done if I would not have had this working place, would I be at home alone all days, I would have gone crazy. But now I have this and I am fully engaged (...)"

(...) I know I’m needed by the pensioners who do not know much about computers and by helping people like them you get back a thousand fold, just the feeling to come here and have coffee with someone is a huge sense of ‘I exist, I am’ I think it is absolutely central, this is a place for retirees, where seniors can meet each other and talk to each other and also have fun activities with each other.”

(Bibbi Blomquist, SeniorNet, 2014)

Bibbi expresses that as a pensioner she simply is trying to make use of the knowledge she carries with her and which society does not need anymore, hence she can provide people in Alla Hjärtans Hus some of the knowledge she possess instead of at a workplace. Bibbi expresses her hopes that the minimum retirement age is not raised so that the later generations, in turn, can get the jobs seniors leave after them since there are other possible alternatives, such as this, for the seniors instead of employment, of course provided that the municipality decides to do something similar.

Enabling local cluster development

Bibbi describes that Alla Hjärtans Vänner and SeniorNet work a lot together since Alla Hjärtans Vänner is the umbrella organization and is the largest association, overlooking all the actors. They also work closely with the municipality. According to Bibbi what make the business viable are especially the computers and the venue which has been offered for free by the municipality. For instance seniors who do not own a computer themselves of cannot bring their computer to the facilities, they can use one of the computers in house, moreover if a failure would occur in one of the desktop computers they have the possibility to turns to Mark Anderson and fault report the PC and in a couple of days get it resolved. The central location
of the premise is also an advantage it is close to the bus stops so seniors with bad mobility can visit the house without trouble. Apart from this Bibbi expresses the advantages of Alla Hjärtans Hus being a meeting place near the city center where people can get together, maybe grab a coffee before or after they move in to town or go participates in the activities, meaning that you as an association is very visible as marketing occurs naturally.

What the future holds is somewhat uncertain and depends on to what degree and how much computer technology and use will change, she hopes that as long as SeniorNet operates with their courses people will be able to learn to embrace today's IT technology to the extent that is possible. The rapid development of new alternatives such as smartphones and tablets do however make the work harder as the interest of these new technologies increases. Therefore, SeniorNet is today satisfied with only teaching computers and only for domestic use, such as surfing, chatting, writing emails and video chat.
5. Analysis

In order to fully answer the research questions, I will in this chapter analyze the main findings presented on the Empirical part. The analysis will be divided into two main parts, firstly understanding the business model based on Porter and Kramers (2011) three ways of creating shared value creation opportunities and secondly analyzing the contribution by the three associations on a meso, micro and macro level. Finally I will give a brief summary of the main finding from the analysis.

5.1 Alla Hjärtans Hus – Shared value creation

The business model as constructed by Osterwalder and Pigneur (2010) consists of nine interlocking elements which help to create the value offered to the customers. Porter and Kramer have identified three key ways that a company can create shared value opportunities and which can be viewed from a business model perspective. One of the main purposes is to understand how the business model is effectively utilized in order to create shared value.

5.1.1 Reconceiving products and markets

Companies develop products and new markets by identifying societal needs (Porter & Kramer, 2011). Alla hjärtans hus was founded based on issues in the society identified among senior citizens such as involuntary loneliness leading to many health issues among the elderly citizens. These issues are a growing problem in society, and especially elderly people have a greater risk of isolation and alienation. In Halmstad, there are about 3000 people that have some form of intervention from home care administrations if this number would grow it would mean great costs for society. As stated by Markus Andersson from the municipality Alla Hjärtans Hus was founded in order to create a more efficient, cost-effective and value adding way to improve the life for the senior citizens in Halmstad, this means that AHH was able to create new markets by identifying societal needs previously not attended due to lack of profit opportunities. Alla Hjärtans Vänner has as an overall main task to develop new and existing activities in the house to attend these need and other need senior citizens may have.

This is done through the ‘Activity Group' consisting of three people from Alla Hjärtans Vänner in combination with a scheduled time once a month where the public can give their suggestions on what kind of activities and lecture should take place, this is where new associations and activities, hence value propositions are formed based on the needs of the customers.

Alla Hjärtans vänner are also responsible of scheduling the 550 program activities ever year, printed out every month in 2500 copies.

5.1.2 Redefining productivity in the value chain

An organizations value chain may effect numerous societal issue such as the use of resources and work conditions, thus doing activities differently can enable the business to reduce negative effects and increase positive effects on society.

In Alla Hjärtans Hus synergies occur as the different associations bring different resources to the table which decreases the need for additional resource input and increases their potential for value creation (Das & Teng, 2000). These resources which enables the synergies to occur at AHH are physical, intellectual and human resources presented below (Osterwalder & Pigneur, 2010).
Physical resources
Halmstad Municipality has been clear that they offer so-called generic resources (Austin & Seitanidis, 2012), the platform in which all other organizations can operate, everything from facility, rent and computer for free. These resources are considered to be major contribution to the viability of the collaborations. Further as explained volunteers and key individuals within AHH are not constrained to any specific association but are working for several associations.

The large facilities which is placed in the city center, geographically accessible to the majority of elderly citizens, contributes to additional value for the 12 associations since customers are directed to one location where all associations are assembled rather than many locations dispersed around the city. In addition Bibbi Blomquist describes, being close to the city center which is a hub for public transport, seniors with bad mobility can visit the house without trouble, and it makes for an excellent meeting place before or after one grabs a coffee or goes for shopping into the city center. Moreover the joint facilities means that when the 12 associations market information towards the senior citizens all associations are presented and exposed to the seniors citizens with the same ad, both big and small, resulting in a greater return with less effort for the firms in AHH, when trying to reach the approximately 2,500 members, and 16,000 potential customers in the city of Halmstad.

Further the joint premises allow senior customers to visit the facilities and go to three different activities arranged by different associations during one day, without having to leave the building. As all three respondents Markus Andersson, Kenneth Ring and Bibbi Blomquist explains, the 12 associations of Alla Hjärtans Hus can offer value to considerably more customers using the same facilities as all organizations are able to share each other’s customers. The customer who enters the facilities to participate in one out of the twelve activities, is a potential future customer for the other eleven activities in the house, thus the steady flow of people in and out cuts time, effort and cost of acquiring new customers. Through the conjoined intermingling of complementary and distinctive resource from separate associations they are able to produce activities and attract a large number of customers which none would have been able to do on their own, in other words, create shared value (Austin & Seitanidis, 2012). Hence, the integrated nature of the business model makes it possible to contribute less in order to gain more which goes in line with Porter and Kramer’s second way to create shared value namely redefining productivity in the value chain, positively affects the society and environment in which it operates.

The maintenance costs such as fire safety, locks and alarms, Environmental Health, cafe and orders provided by the municipality is also something that is essential for Alla Hjärtans Hus to work and to the various associations to carry out their activities with as few costs as possible and hence offer their activities at a reasonable price. So the facility is as Kenneth Explains It a framework in which the different actors can perform their duty and create activities which interests the senior citizens, an important resource which is required for the business to operate.
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So according to this, resources are exchanges bilaterally where resources are mutually exchanged between partners (Austin & Seitaniö, 2012). Resources are not only exchanged but are also integrated which leads to great advantages for all partners involved.

The nature of the collaboration makes so that the collaborative partners become more similar in how they operate, this allows for new value creations opportunities to occur between the firms. An example of this is the overlapping of employees, working for more than one association, aiding each other with manpower and knowledge.

**Intellectual**
Alla Hjärtans Hus mobilizes and leverages more valuable organizational specific resources, such as people who have the experience and knowhow the business needs to operate. Many of them are also sitting in the board of Alla Hjärtans Vänner, with the knowledge, mission and drive, has as an only purpose to support, plan and develop activities for all associations in Alla Hjärtans Hus, and have been acknowledged to be working as spiders in the web ensuring that operations goes well. Their knowledge in finance, IT, and healthcare makes them an important resource in Alla Hjärtans Hus as they participate in the different activities in the house.

**Human resources**
In addition, all association has volunteers who are willing to work for free to participate in the activities. The volunteers from all the associations are not constrained to one association but are manning various parts of the activities in the house such as reception area, café or just assisting the other associations in their activities. Kenneth Ring on Alla Hjärtans Vänner describe, for example, that in their association they contributes work in the form of time spent, which is four hours a day, seven days a week, that is 28 hours a week. And if one would consider all volunteers in the association of Alla Hjärtans Vänner it would be equivalent to seven full-time employees, however in reality spreads among more than 20 individuals. This reflects the shared drive and motivation of the volunteers.

These are as Markus Andersson describes the core of Alla Hjärtans Hus where people with the drive and ambition are willing to stand up for free in order to help other seniors, thus are considered among the most important resources in order to create value for the customers.

**5.1.3 Enabling Local cluster development**
Success of a company is dependent on the network which surrounds that company such as, supporting companies, labor available, supplier input and infrastructure (Porter & Kramer, 2011). Since all actors in Alla Hjärtans Hus have similar purposes, and work under similar conditions, resources are easily exchanged across different firms. This allows for the partnerships in Alla Hjärtans Hus to act as a supportive cluster, as all actors share the facilities, the work force of volunteers and key individuals who helps to support the association with knowledge and experience. Hence the different actors involved in the shared value creation process are able to utilize the resources much more efficiently (Lee & Pennings 1996). In order to better understand the key partners of Alla Hjärtans Hus given the different nature of the organizations, the key partners can largely be divided into three main parts who all contribute to the collaboration in different ways and helps support the development of the cluster consequently increasing the collective productivity (Porter & Kramer 2011).
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**Sponsor - Halmstad Kommun**
Halmstad municipality can be viewed as the sponsor, since they are the largest contributor of resources to the strategic partnership. As Bibbi Blomquist have expressed, what makes their activities viable is the facilities, computers and the venue which has been offered for free by the municipality.

Further according to Austin (2000) a shared vision is central to the creation of collaborative value, the municipality determined not to control their direction of AHH, they play however an important role in ensures that all actors work under similar conditions, strongly communicated that no activity is more important than another, and they see too that all parties involved have linked interests. Alla Hjärtans Hus is the common denominator, and it is only the interest of Alla Hjärtans Hus which should be prioritized, which is increasing the quality of life for senior citizens. This interest is the common currency which all actors in Alla Hjärtans Hus share, meaning a similar way in how they assess value and how they perceive if the value exchange is fair thus enabling a better cooperation between other key partners (Mattessich & Monsey, 1992).

**Coordinatore - Alla Hjärtans Vänner**
As mentioned empirical part by Kenneth Ring, Alla Hjärtans Vänner has no other purpose than to support and develop the business at Alla Hjärtans Hus, to further align the actor’s objectives thus increase the performance of the alliance (Austin & Seitanidis, 2012). Further through having a member from all associations in their board of directors they are able to communicate their interests and share solutions much more efficiently. This will according to Austin (2000) leads to a more centrally aligned partnership purpose between the organizations strategy and missions, since the mission and goals will regularly be communicated to all parties involved. Thus they have a key position in the organization by coordinating and planning all activities in Alla Hjärtans Hus.

Alla Hjärtans Vänner also ensures that new activities are created so that a constant flow of activities are available which can provide value for the senior citizens. Alla Hjärtans Vänner are also the only organization with a clear vision of where Alla Hjärtans Hus are heading and are actively working towards pursuing this vision of becoming an umbrella organization in which they can effectively collaborate, overlook and coordinate the activities on Alla Hjärtans Hus.

**Associations**
- Alla Hjärtans Vänner (Valentine Friends)
- SeniorNet
- Pensionärs universitet (Senior University)
- Aktiva Seniorer (Active Seniors)
- Salmon Town Dancer
- Canasta
- Citykören (City Choir)
- Line Dance
- Måla Akvarell (Watercolor Paint)
- Solskenskören (Sunshine Choir)
- Stick och virk (Knitting and crochet)
These 11 associations and organizations presented above are central in the value creation process of Alla Hjärtans Hus and have different roles and contribute with different resources in the value creation process for the customers thus are also viewed as key partners (Osterwalder & Pigneur, 2010). As stated by Markus Andersson himself the municipality could never accomplish Alla Hjärtans Hus alone, and one of the actors can never do this on their own, but together they are able to accomplish the results. The different actors within the house are responsible for taking care of the seniors and arranging activities in which seniors can participate and feel engaged, hence the reason for customers to visit Alla Hjärtans Hus. As stated by Markus Andersson without them Alla Hjärtans Hus would only be an empty facility, so a lot of emphasis is put on cooperating with these partners.

5.2 Value
Shared value creation is defined as meeting societal need while simultaneously enhancing a firm’s competitiveness, focusing on creating social benefits while simultaneously increasing the sustainability of the firm. Hence, the focus for this paper will be on the social welfare and the improvements as a result of the collaboration between organizations individuals and society, leading to benefits in the meso level (for the organization), micro level (to the individual recipients), and macro (for the society).

5.2.1 Halmstad Municipality
Meso level Value (To the organizations)
The associational value, that is the value derived simply from being association with each other (Austin & Seitanidi, 2012) is created in Alla Hjärtans Hus through the municipalities presence which installs a sense of legitimacy, as the municipality has actively made it clear through its communication channels and information services that the purpose of AHH is only to increase the quality of life for older citizens to the extent possible. Hence, citizens in Halmstad feel secure and confident that the associations are not looking to exploit the members in any way as their cooperation increases the credibility of the associations and their activities.

Further, there is a great deal of synergistic effect occurring in Alla Hjärtans Hus this is largely due to the close interaction between actors and the exchanges of resource value that promote activities within Alla Hjärtans Hus (Street & Cameron, 2007). The municipality has been clear right from the start that they offer facilities, leasing and maintenance without any cost, also taking responsibility for fire safety, locks and alarms, environmental health, cafe and orders. The transferred resource value (Austin and Seitanidis, 2012) such as own offices, internet connections and open spaces in which they can carry out their activities is according to Bibbi Blomquist essential for their activities to work, promoting both their and the activities of other associations, thus as stated by Street and Cameron (2007) the result of combining partners resources, the municipality is able to collectively create more value than each party could have accomplished alone.

Micro Level Value (To the individual recipients)
Halmstad Municipality's role in providing free access for the nonprofit associations also leads to the wellbeing of the volunteers by enabling their activities to continue unhindered and at as a low cost as possible. This increases opportunities for nonprofits thus indirectly increases the opportunities for their workers, leading to self-improvement and an improved sense of social responsibility among the volunteers (Bhattacharya, 2012) which can be viewed as added psychological and emotional value (Austin & Seitanidi, 2012).
In addition, the municipality also creates new work opportunities for senior citizens who want to be involved in volunteering work, to achieve personal growth in which they can assimilate new knowledge and develop skills which can be seen as an instrumental value (Austin & Seitanidi, 2012), which further can be beneficial to society. In addition on a micro level the municipality indirectly creates psychological and emotional value for the volunteers when contributing to social betterments and developing new friendships with customers or colleagues from the partner’s organization (Austin & Seitanidis, 2012). As Bibbi Blomquist from SeniorNet self explains, the association makes her feel personally engaged once more. Being a senior and not naturally having places in which she regularly meets people, SeniroNet and AHH fills this void in her social life. In her own words, it makes her feel needed once more. Hence the municipality creates psychological value on a micro level. These positive feelings that many volunteers experiences and express when assisting others further also have a positive impact on customers (Kolk, Van Dolen, & Vock, 2010).

**Macro Level Value (To the society)**
Aside from the value which the municipality creates for the various players and volunteers they also create enormous social benefit for their citizens. As Markus Anderson himself explains the municipality does not have the resources necessary to help all senior citizens in Halmstad, Which Consist of 19,000- to 20,000 people over 65 years of age. Out of them, 3,000 people already have some form of intervention from home care administrations, however 16,000 people are fully capable of taking care of them, aiding these remaining 16,000 would be economically impossible and would negatively affect society, as much of the needed resources would be spent on elderly care. Thus on a macro level the municipality creates a lot of value for society by taking some of the responsibility for the elderly care of senior citizens. This is done in their collaborative efforts by investing in the premises and thereby facilitating the nonprofit organizations activities to provide enhanced value and quality of life for the senior citizens, which can be viewed as welfare enhancing systematic changes (Austin & Seitanidi, 2012), reduces loneliness and stress, and the consequence that follows, such as need for social support at an earlier retirement age. Further, it means that more and more elderly people can be a part of society for a longer period of their lives, sharing their knowledge and assets to the community, before they naturally seek support and care to manage their daily lives. Thus projects such as Alla Hjärtans Hus is a way of maintaining the well-being seniors have in their later years. In addition, AHH strengthens the Halmstad Municipality's self-image as Markus Andersson explains, informing the elderly about the positive impacts they can have on the society, where the municipality not only accounts for home service or retirement homes, but also are involved in one of the country's most successful projects for prevention of social exclusion among senior citizens, which according Austin & Seitanidi (2012) will have a positive impacts on their ability to create more social welfare projects in the future as well as bringing trust and strengthening their political organizations.

**5.2.2 Alla Hjärtans Vänner**

**Meso Level Value (To the organizations)**
Alla Hjärtans Vänner is the only association with no other purpose than to support and develop the activities at Alla Hjärtans Hus. This includes scheduling over 550 program activities every year, solving day to day issues, such as overall planning, and the distribution of duties, assigning people to solve technical issues when problems arise. Kenneth also explains that they are sometimes responsible for seeing through that the performances are
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done properly, often starting and presenting the activities and also helping out finishing them. This shows a great deal of interactional value (Austin & Seitanidis, 2012) between Alla Hjärtans Vänner and other association within the house including the municipality as they offer their services to assist the activities in Alla Hjärtans Hus.

The board in Alla Hjärtans Vänner consists of one member from all other associations and as Kenneth explains it, their combined life experience is what he believes is the reason to why Alla Hjärtans Hus works so well as it does, where many of the members have different but complementary skill sets ranging from IT consultant to economists, nurses and architects. Hence, they are contributing a great deal of knowledge and knowhow to Alla Hjärtans Hus which according to Austin and Seitanidis (2012) shows a great deal of synergistic values, as the combination of their skills and knowhow helps create more value than each partner can do on their own.

**Micro Level Value** (To the individual recipients)
On a micro level Kenneth explains that Alla Hjärtans Vänner gather members from all associations into their board of directors, this to increase the cooperation among activities and function as an umbrella organization in order to coordinate activities and pool resources, this can lead to psychological value among members as it develops better connections between different members and their associations, and leading to increased value for the volunteers as trust is built (Austin & Seitanidi, 2012).

**5.2.3 SeniorNet**

**Meso Level Value** (To the organizations)
Bibbi Blomquist explained that SeniorNet working hard to get volunteers to support their activities and those of Alla Hjärtans Hus, everything from assisting in the reception area, café or other activities within Alla Hjärtans Hus. Bibbi expresses that all players have a special day, which for them is Thursday mornings where they man the front desk, a duty which all actors in the house assumes, something she believe is positive, however it is the only cooperation between the players. But it shows that SeniorNet are to some extent involved in creating value for the partnering organizations through transferring resources, in this case volunteers to help man the activities shared by all partners (Austin & Seitanidis 2012).

**Macro Level Value** (To the society)
In addition, SeniorNet creates psychological and emotional value also for customers as their activities serves as a meeting place in which senior citizens can meet new people and have a social interaction, and activities together.

**Macro Level Value (To the society)**
On a macro level SeniorNet are directly involved in the value which is offered to the seniors, which is a result of the collaboration between the municipality and Alla Hjärtans Vänner. The teachings in basic computer skills in everything from how to navigate the web, chatting and installing updates and softwares is only possible because the municipality offers facilities, offices, internet access and computers for free. This has a positive impact on society and individuals whose needs are attended by the collaborative actions (Austin & Seitanidi, 2012), since the seniors now can independently fulfil their own needs through the Internet, from receiving public information to paying their bills. Further it may give them a sense of increased control, comfort, confidence, and not having to rely on others to perform the work for them.
5.3 Summary of analysis
In this section I would like to summarize the most important aspects dealt with in the analysis, regarding the shared value creation of Alla Hjärtans hus, and how the different associations have contributing to the value creation on a meso, micro and macro level. Further on the following table below I will summarize the most relevant values added to Alla Hjärtans Hus.

5.3.1 Shared value creation
Reconceiving new products and markets – What Alla Hjärtans Hus has been able to accomplish can be seen as similar to Porter and Kramers (2011) first way of creating shared value opportunities that is reconceiving new products and markets, as they have been able to create a new type of service which previously was not seen as profitable, by identifying the social need of the senior citizens and managing to solve these needs in a sustainable way. By meeting these needs they are helping to solve the social issues of ever increasing senior healthcare costs among this particular group. The institutions which Alla Hjärtans Hus thus delivers value to is the municipality, the government and its agencies, the senior citizens and their relatives and consequently society at large.

Redefining productivity in the value chain – Alla hjärtans hus was founded in order to create efficient, cost-effective and value adding way to improve the lives of the senior citizens in Halmstad, which can be viewed as similar to Porter and Kramer’s second way to identify shared value creation opportunities, namely redefining productivity in the value chain. The most important resources Alla Hjärtans Hus owns which enables the company to create the value proposition are Physical resources, facilities and maintenance services, technical equipment, intellectual people with knowledge and experience to run a business, and manpower that is people with the drive and ambition to work for a purpose and not for a pay check. However the combined resources necessary to run Alla Hjärtans Hus is still far less than the sum of all the resources needed if the associations were to run their activities separately. Thus Alla Hjärtans Hus has reinvented the value chain which has allowed for less resource input and less costs associated with running the business, through gathering all activities into one facility. Secondly by not only meeting the needs of the senior citizens, the vulnerable social groups, but also employing them, they are increasing the positive effects on society, in terms of integration and reduced costs for municipal institutions such as costs for elderly care.

Enabling local cluster development – Alla Hjärtans Hus shared value creation also has similarities with Porter and Kramer’s (2011) third way of creating shared value, enabling local cluster development. The network and local cluster which surrounds the associations in Alla Hjärtans Hus provide them with all the necessary resources in order to function well.

The associations who are providing with the necessary resources and perform all activities are divided into three groups, 1) The Sponsor: Halmstad municipality who contributes with the resources and the platform in which all associations operate, such as facilities, rent and maintenance, 2) The coordinator: Alla Hjärtans Vänner who overlook and coordinates all the partners in the collaboration, 3) Activities: The partners who are directly involved in the value proposition offered to the end customers, in this case being SeniorNet.

In other word the associations are dependent on each other for funding, knowledge, skills and manpower it can therefore be argued that the associations in Alla Hjärtans Hus builds on the local cluster in order to meet customer needs.
Shared Value Creation in Social Business Models

On the following table below I will summarize the most important resources, activities and partners of Alla Hjärtans Hus.

5.3.2 Three levels of Value

Halmstad municipality
The most important value which the municipality offers are the transferred resource value and the synergistic value on a meso level, in the form of physical resources towards the social organizations, in the form of facilities, maintenance and computers. This is the framework in which all associations can operate thus play a central role in the viability of Alla Hjärtans Hus. Indirectly the municipality also creates value on a micro level, in the form of psychological and emotional value as both senior employees get more of a purpose in life and get to interact with other seniors who now have found a meeting place in which they can socialize and take part in the activities. And on a macro level as the municipality creates relationships which stretches over different sectors, from government to nonprofit to the for-profit sector, creating new opportunities for value creations. This also leads to welfare enhancing systematic changes as the meeting place and the over 30,000 seniors visiting AHH each year, and the approximately 4000 members now have a much stronger opinion force to act and make demands when issues occur.

Alla Hjärtans Vänner
The most important value which Alla Hjärtans Vänner offers is on a micro and meso level, offering both interactional an synergistic value and psychological and emotional value, to the employees and to the associations as a whole. Through their combined knowledge and experience they are able to assist other organizations by coordinating and scheduling activities for them, improve operations and maintenance in Alla Hjärtans Hus and offer volunteers when needed to assist other activities. Indirectly through both the municipality and all the associations they are collectively improving the value proposition for the senior citizens.

SeniorNet
The most important value offered by SeniorNet is on a macro level, to the society, in the form of lectures in basic computer knowledge for the senior citizens in everything from how to navigate the web, chatting and installing updates and softwares. These activities can be seen as welfare enhancing changes and strengthening economic organizations as they introduce seniors to the web which indirectly means that other for profit organizations in the society now have access to their senior customers through the internet. SeniorNet is among the association who are directly involved with the customers thus are forming the value proposition for the target customer. Further SeniorNet is also creating value on a meso level, creating value to the partnering organizations through transferred resource value, in this case volunteers to help man the activities shared by all parties such as café, reception area and even their own activities.

On the following table below I will summarize the most important contributions of value, on a meso, micro and macro level, by the different associations.
<table>
<thead>
<tr>
<th>Meso Level</th>
<th>Micro Level</th>
<th>Macro Level</th>
</tr>
</thead>
</table>
| **Halmstad municipality** | • Associational value  
• Synergistic effect  
• Transferred resource value | • Psychological and emotional value  
• Instrumental value | • Welfare enhancing systematic changes  
• Sectorial relationships  
• Societal values and priorities |
| **Alla Hjärtas Vänner** | • Interactional value  
• Synergistic value | • Psychological and emotional value | (Left empty) |
| **SeniorNet** | • Transferred resource value | • Psychological and emotional value | • Welfare enhancing systematic changes  
• Strengthening economic organizations |

Table 4. Summary of the value created on a meso, micro and macro level based on actor.
6. Discussion and conclusion

In this chapter I will present the main conclusion to the analysis, hence answer the research questions presented in the problem discussion in the introduction. I will then present the theoretical and practical implications to my findings.

The purpose of this paper is as previously explained to explore shared value creation with the perspective of social business models. In the literature review developed I could identify a research problem, namely a need for a theoretical framework which takes a business model approach to shared value creation. In addition shows how partnerships with businesses in possession of complementary resources could more effectively be leveraged to improve value creation strategies. Further I also identified a gap in the literature due to an absence of empirical studies of shared value creation in the context of social enterprises. In view of this I developed three research questions.

**RQ1:** How is a business model designed in order to create shared value in social ventures?

**RQ2:** What role do different partners have in the value creation process in social ventures?

Based on the literature reviewed I have developed and extended the theoretical framework based on the existing literature (figure 6). It consists of the 9 components presented by Oseterwader and Pigneur’s (2010) in addition to a new component named Shared value creation based on Porter and Kramer’s (2011) three ways of creating shared value. The framework developed is based on existing literature which makes no distinction between conventional for profit firms and social businesses. However for this thesis I have chosen to test the theoretical framework in the empirical context of social business in Halmstad, Sweden.

I have through this study found that social businesses can use this framework to identify shared value creation opportunities, both from an internal perspective, where seeking business opportunities based on internal business model components or from an external perspective, when identifying issues in society which needs to be and can be addressed by the organization.

**RQ1:** How is a business model designed in order to create shared value in social ventures?

I have found that firms who use their business model to form shared value creation strategies can increased the potential for value creation. Based on my analysis I can conclude that all three of Porter and Kramer’s (2011) ways to create shared value, that is 1) Reconceiving product and markets, 2) Redefining the value chain, and 3) Enabling local cluster development can be used by social businesses when creating shared value.

Not forgetting that social businesses often are constrained by limited resources and weak financial strengths. Business models of social businesses have been able to overcome these issues primarily by integrate their business models where much is shared, focusing on local business opportunities and striving to solve social issues in the nearby communities. Businesses finds it easier to maintain and develop the operations if pooling or integrating resources such as facilities and personnel with nearby business partners, as this is less cost expensive and capital intensive then exchanging resources and assets to that same partner. Or
Shared Value Creation in Social Business Models

utilizing the local communities and existing network and working with local vulnerable social groups with strengths and competences that enhance the business performance of the firm and its partners. This in turn leads to the identification of opportunities to transform governmental costs into valuable business opportunities. Thus nothing new is invented but rather firms can find new way in increasing dividend on assets and resources already possessed.

*RQ2: What role do different partners have in the value creation process in social ventures?*

For shared value creation to occur firms has to bring assets which can be shared with businesses who possess complementary assets. Consequently this means that all organizations do not deliver the same value in the shared value creation process since they have different tasks. In the case of Alla Hjärtans Hus I have found three different roles which can be distinguished in the partnership constellation, in order to achieve good shared value creation relationship. These can be categorized as: Sponsor, Activities and Coordinator. These three roles not only bring different resources but also bring different value to the partnership. The municipality identified as the sponsor is in charge of the single most important resources or activities, mainly the platform in which all partners can cooperate, thus is contributing the most significant value on a meso level, to the organization, in the form of transferred resource value, synergistic effects and associational value. Further they also indirectly contribute value on a micro and macro level, to the individual recipients and to society, such as instrumental value and welfare enhancing systematic changes, sectorial relationships and societal value and changed priorities.

Alla Hjärtans vänder who is identified as the coordinator overseeing the operation and partners in the collaborative relationship delivers mainly value on a meso level and micro level, meaning to the organization and to the individual recipients, such as interactional value, synergistic value, and psychological value.

SeniorNet however who is in charge of one of the activities is the representative of all the activities in Alla Hjärtans hus and is directly part of the value delivered on a macro level, to the society, such as strengthening economic organizations and causing welfare enhancing systematic changes. SeniorNet are also contributing to value on a meso level, to the organization, in the form of transferred resource value. In addition they are also indirectly contributing to value on a micro level meaning to the individual recipients in the form of psychological and emotional value.

None of these three actors are more important than the other, but serves different functions and play different roles in the shared value creation process as they possess different resources. This alignment of activities and complementary resources is important for the sustainability of the firm as none of the actors could have accomplished the entire operations alone, further the more collaborators perceive their self-interests as linked to the value they create for each other and for the social good, the greater the potential for shared value creation. By having clearly defined roles, the actors are together able to accomplish what no one actor would have been able to do on their own thus great benefits are achieved.

In conclusion, my framework has proven to be fruitful in the use of understanding shared value creation processes in social ventures. However I see it viewed more as a theoretical contribution rather than a practical tool. It can also be discussed whether or not the framework can be used on conventional for profit businesses or not, however I see no reason not to use the framework for businesses in the for profit sector.
6.1 Managerial Implications and Contributions
It is time for the social service providers and municipalities in Sweden and elsewhere to innovate their business model. To expect that as an individual company or municipality have the resources or capabilities to offer value to an extent shown by Alla Hjärtans Hus is possible but highly inefficient and cost expensive thus unlikely. There are few concepts on shared value as part of the business model literature, this paper contributes to the body of knowledge in shared value creation with a business model approach. I suggest that associations or organizations should not only focus on understanding the need of the end customer, but also just as important to understand the needs of other associations with similar purposes and their business models, so to find ways of integrating these associations into the value creations process. Through this approach, potential partners with complementary business models can be chosen so as to minimize risk and the need for resources and enhance the value proposition offered to the end user.

The main goals for the associations in the initial steps of collaborative relationships should be to focus on empowering a coordinator early on who can overlook and assess the progress made by all actors involved. This is the greatest issue facing Alla Hjärtans Hus today who is working extensively to get all actors under one umbrella organization.

The results of this paper can also help Alla Hjärtans Hus understand the importance of key individuals, with the knowledge, drive and ambition to run a business. These individuals are the heart of Alla Hjärtans Hus, who offers their time to create value for the senior citizens as well as their collaborative partners.

In addition research in business model in general and shared value creation in practical almost exclusively empirically investigates larger fore profit, and global corporations operating internationally, thus theories and models are adapted and developed accordingly. Therefore this paper also offers an empirical contribution to the existing literature regarding business models and shared value creation in the context of social businesses. This may offer new insights as to what resources and assets are needed in the collaborative value creation process in an environment similar to AHH in Halmstad, Sweden.

6.2 Limitations and further research
In this research I did a qualitative study of the shared value creation in social ventures. The suggestion would be to increase the knowledge for this subject through not limit it to only one company, instead should be developed into several companies where patterns could be found between similar social organizations and possible new potential of social value creation. In addition it would be of great interest to do a comparative study between a social venture and a conventional social service provider in order to find similarities or dissimilarities in the value proposition offered to the end customer.
References


Appendix 1 Interview guide

A. The business model in Alla Hjärtans Hus

Key Resources
- Explain the most important resources the company needs to function well (people, knowledge, financing, equipment, etc.)?

Key Activities
- Explain the most important activities the company must do in order to deliver the customer offering?
- How are the service produced/marketed?
- How should the company develop the product/service so that customers come back?
- How does the relationship look like between the different associations?
- How are the diverse companies and activities coordinated?

Key Partners
- What are the key partners of Alla Hjärtans Hus?
- Explain the company network and how the partners cooperate?

B1. Background question
Name:
Company:
Age:
Gender:
Position in the company:

B2. Company specific questions
- Tell me about your organisation?
- What is your main task in Alla Hjärtans Hus?
- What are your main activity?
- In what parts of the day to day activities are you active in?
- What resources do you need in order to function well?
- What resources are you contributing to Alla Hjärtans Hus?
- What are your long-term goals for your customers?
- What resources are required for you to be able to offer your services? (Personnel, Facilities)?
- Who are your key partners and what do they offer?